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This is a two-monthly review.

Every January the Review presents a full-length general survey of the economic situation.

Other issues contain a short general survey followed by special articles on
topical economic problems and studies of underlying trends.

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SUMMARY

The economic situation

Industrial production, in March, had not risen for over a year. Yet final demand—excluding stock-building—almost certainly rose appreciably in the first quarter. Consumers' expenditure probably went up over $2\frac{1}{2}$ per cent, largely because of the recovery in car sales. Output did not react to this rise in demand; the first temporary effect appears to have been a lower rate of stockbuilding.

This stock effect is probably mainly over; from now on, output should rise fairly fast; by the end of the year, assuming no Government intervention, the real national product should be some $3\frac{1}{2}$ per cent or more higher than a year earlier. Fixed investment shows every sign of rising steeply to the end of the year—although present figures of factory building approvals suggest some slowing-down in 1962. Consumers' expenditure, in real terms, should also rise further, though more slowly than in the first quarter—not many more wage increases are expected before the autumn, and prices may continue to go up faster this year than last.

In general, capacity should be sufficient for a rise in output of this order this year: productivity fell in the past year, and can be expected to recover. But there may be capacity limitations in construction and parts of the engineering industries. Further, if demand continued to rise at the same rate next year, capacity—at its present rate of growth—would become overstrained.

Balance of payments

The balance of payments still clouds the prospects for a reasonable rate of expansion: Britain's current deficit last year was £344 million, and that of the sterling area as a whole £1,043 million.

Imports fell in the first quarter; but by the end of the year—with renewed expansion and the hardening of primary product prices—they may well be back above the end-1960 level. Exports—adjusted for dock strikes and irregular items—rose about 2 per cent in the first quarter. They should go on rising through the year to industrial countries, since total demand is likely to rise in both the United States and Western Europe. But primary producing countries will probably be a weak market: Australia, New Zealand and South Africa are all reducing their imports. Any recovery in primary product sales and prices will not have much effect on their imports before 1962. In total, therefore, Britain's exports will probably rise only slowly. These trends in imports and exports would imply an appreciable current deficit for Britain again this year. In addition, sterling balances will probably be drawn down further, and some of the other short-term capital which flowed in last year may well continue to flow out again. Thus there may well be a further need for large-scale support from foreign central banks or the IMF, if big reserve losses are to be avoided.

British imports of manufactures

Imports of manufactures which compete more or less directly with the output of British industry account for four-fifths of the total rise in imports between 1957 and 1960. They rose 58 per cent (in value) over this period, whereas exports of the same items rose 5 per cent only. The measures of liberalisation since 1957 are not the main explanation of this rise: they probably account for less than a quarter of it. There are comparatively few products for which exports have risen faster than imports since 1957—tractors and commercial vehicles are examples. For most items, imports have risen faster than exports, and indeed imports are now bigger than exports for quite a number of manufactured goods—for instance, clothing, footwear, and a few items of machinery.

Aid to underdeveloped countries

Aid to underdeveloped countries (that is, grants and long-term public and private investment) is now equal to about one-third of these countries' total exports to the rest of the world; from 1956 to 1959 aid was running at \$6 $\frac{1}{2}$ billion a year, compared with \$2 billion at the most in the early post-war years.

United States Government aid—which after the war went mainly to Europe—now goes mainly to the underdeveloped countries. United States private lending has also risen fast. Western Europe has become an important lender. The USSR has also begun to lend—though its contribution in 1956-1959 was only 2 per cent of the total. The distribution of this aid has been uneven: oil producing countries have done particularly well for private capital, and countries subject to communist pressure have received a relatively large share of public aid.

25 May 1961

An article on page 12 compares the forecasts which the Review made in 1959 and 1960 with the actual results for those years: it also compares the Review's forecasts with those of some other forecasters.

The Statistical Appendix has been revised and enlarged: changes are briefly described on page 44. In particular, the trade figures for overseas sterling area countries have been seasonally adjusted; the adjustments used are given in an article on page 42.

THE ECONOMIC SITUATION

Trends in output and demand

Final sales⁽¹⁾ have been rising relatively fast since the beginning of the year, but for a time the effect on the level of output has apparently been offset by reduced stock accumulation. Now, output is probably starting to rise again and it seems likely to continue to increase. The only substantial adjustment to the broad predictions for overall demand made in the January issue of the Review is that prospects for consumers' expenditure now suggest bigger increases than were then expected. It is unlikely that the economy as a whole will be running at the limits of capacity in the rest of this year, but there may be increasing strains in some sectors. The central problem of policy is likely still to be the discouraging outlook for the balance of payments.

The tax changes in the Budget have done virtually nothing to alter the general outlook. The reductions in surtax will tend to increase consumers' expenditure this year, even though there will be no loss to the Exchequer until 1963. On the other hand, the tax on heavy oil and the increased cost of motor vehicle licences may slightly reduce total real expenditure,

and the increase in profits tax may do a little to discourage investment and dividend distributions.

Investment

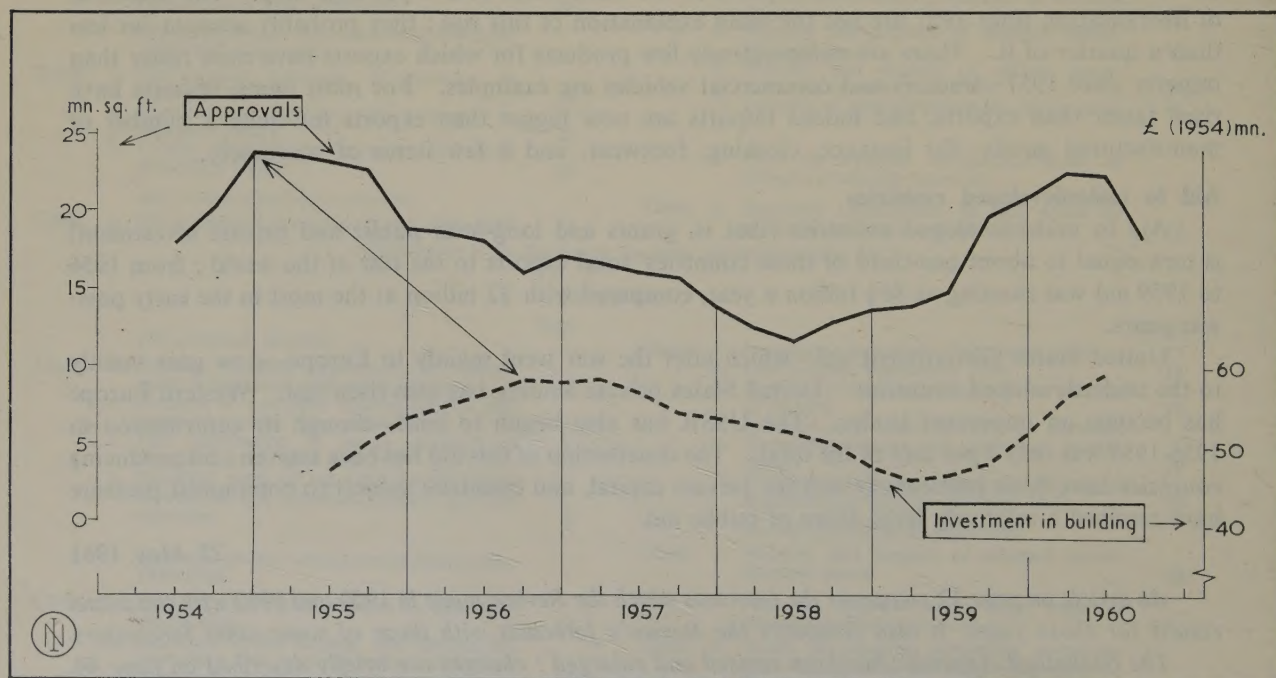
Fixed investment continues to be the most buoyant element in demand. There is no reason to revise the earlier estimate that it will rise by about 8 per cent during 1961; net new domestic orders for engineering goods continued to rise and reached a new high level in March. There are, however, some signs now that the forces behind the investment boom of 1960-61 may be weakening. This weakening is probably associated with the stability of output during 1960, and plans could easily be revised upwards when output is again rising rapidly.

Evidence of the weakening can be seen in the statistics of factory building approvals, which are still fairly high but declined throughout 1960 and (after allowing for seasonal factors) changed little in the first quarter of 1961. The last time such a decline was recorded, in 1955-56, the backlog of work on hand resulted in a lag of more than two years before there was a decline in building work (see chart 1); if the same pattern were repeated, factory building and investment in plant and machinery would start to turn down in the first half of 1962.

⁽¹⁾ Defined as total expenditure *minus* net additions to stocks.

Chart 1. Factory building approvals and investment in buildings in manufacturing

Four quarter moving averages



Source: Board of Trade Journal, Monthly Digest, and NIESR estimates.

If there were a downturn in industrial investment in 1962, it might be partly offset by a rise in private housing construction, which at present appears to be restricted by a shortage of capacity, particularly skilled labour. In total, therefore, the rise in fixed investment expenditure is likely to continue well into 1962, but the rate of expansion may slow down.

Tentative and partial evidence suggests that *stock accumulation* in the first quarter of 1961 was at a much slower rate than in the latter half of 1960. This evidence is broadly confirmed by such data as are available on output and expenditure; production apparently changed very little between the fourth and first quarters, whereas final sales rose a great deal. In the first quarter, stocks of *steel* held by users and merchants were rising at only one quarter of the rate of accumulation in the fourth quarter of last year. *Coal* stocks declined sharply. There are indications that net stock accumulation of *imported food and industrial materials* may have been a little larger than is normal in the first quarter of the year, but if there was any abnormal stock-building it was still much smaller than in the second half of last year. Stocks of *cars* fell sharply in the first quarter at a time of the year when stocks are normally accumulated. The surge in home sales of home produced cars, which rose in the first four months almost to the peak level of early 1960, apparently came sooner than expected, but production started to respond in March (table 1).

Consumers' expenditure, income and debt

The rise in consumers' expenditure during 1961 now seems likely to be fairly large. In the first quarter of 1961, the rise of over 2½ per cent in volume (seasonally adjusted) was largely the result of the

Table 1. The motor car market

Thousands, quarterly rates, not seasonally adjusted

	Pro- duction tion	Exports	Imports	New registra- tions	Apparent stock change
1960 I	393	185	17	224	+ 1
II	405	179	25	248	+ 4
III	312	116	9	196	+ 9
IV	243	90	6	139	+ 20
1961 I	218	85	3	207	— 71
April	240	96	9	222	— 69

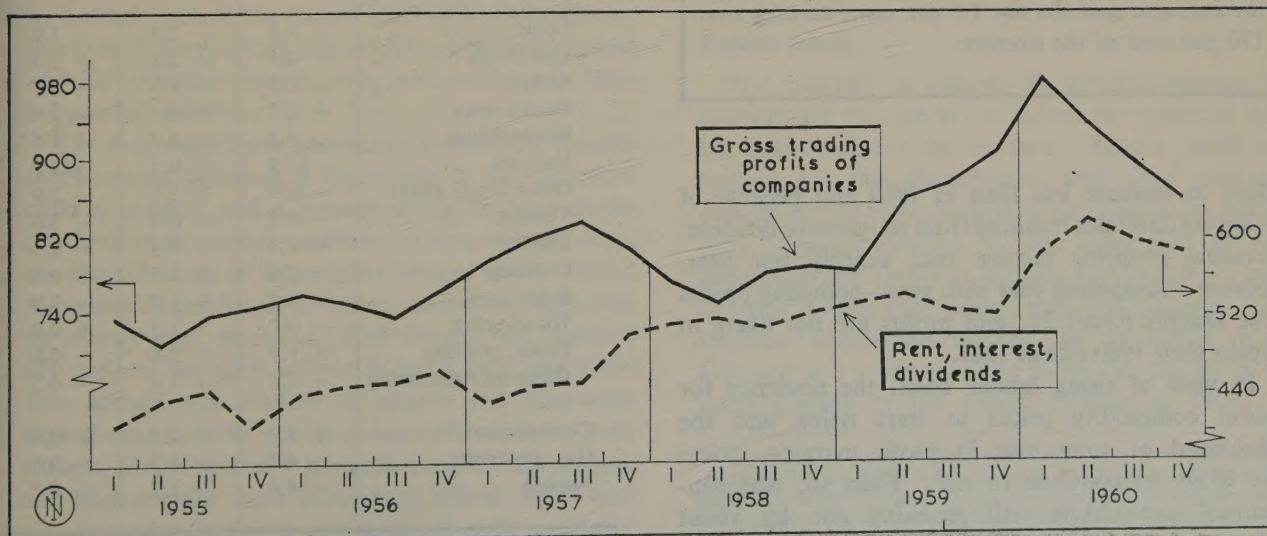
Source: Board of Trade, Ministry of Transport, Trade and Navigation Accounts.

recovery in sales of motor cars. Expenditure on non-durable goods and on services also rose, probably by rather over 1 per cent in real terms. This rise in consumption appears broadly to have reflected the 1 per cent rise in the weekly wage rate index in both December and January. Since January, wage rates have risen only fractionally, and no further large increases seem likely before the late summer.

The interval between negotiated wage increases has fallen recently, so it is possible that further large settlements will come in the autumn or winter. In any event, both the hourly and weekly wage rate indexes can be expected to rise when increased wages in building take effect in October. It is probable that the rise in wage and salary incomes between the fourth quarters of 1960 and 1961 will be about 6 per cent. Total consumer disposable income may rise by a little less than this because property income is

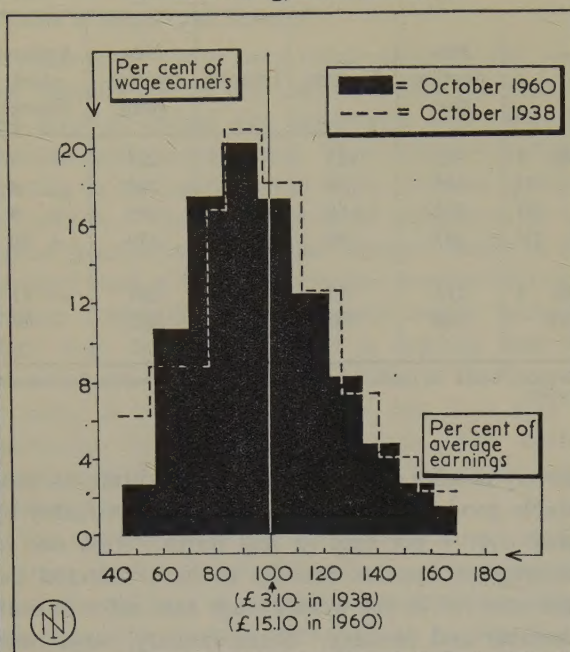
Chart 2. Changes in company trading profits and personal income from property

£ million, quarterly averages, seasonally adjusted



Source: *Economic Trends* and NIESR estimates.

Chart 3. The distribution of men's earnings in manufacturing, 1938 and 1960



Source: Ministry of Labour Gazette, April 1961. *Journal of the Royal Statistical Society, Series A (General)*, Vol. CXII, 1949, page 35.

In October 1960, the Ministry of Labour in its six-monthly earnings inquiry collected details of the distribution of earnings. The last such inquiry was in October 1938 and this chart compares the results. It shows surprisingly little change over the last twenty-two years in the spread of earnings: there is no evidence in it of any general narrowing of the differentials in earnings.

For simplicity, the chart excludes the smaller open-ended groups in the two years; it excludes the top 3 per cent of wage-earners in 1938, earning over 170 per cent of the average; in 1960 it excludes the bottom 0.3 per cent, earning under 45 per cent of the average, and the top 1.5 per cent, earning over 170 per cent of the average.

likely to increase less than in 1960 and because of rising tax liabilities resulting from progressive taxation. Personal property income rose sharply last year, because—comparing year with year—company profits rose sharply (chart 2); and profits are not likely to repeat their 1960 rise in 1961.

In view of rising labour costs, the tendency for world commodity prices to start rising and the likelihood of some rise in profit margins, prices are likely to continue to rise. Even so, real consumers' expenditure will probably rise by about 4 per cent over the year, and possibly more, since it

seems likely that the savings ratio at the end of the year will be lower than at the end of 1960.

Prospects for overall demand

Allowing for a rise in exports (discussed below) and for moderate stock accumulation, total real demand seems likely to rise by about $3\frac{1}{2}$ per cent between the fourth quarters of 1960 and 1961. Since only a very small rise in imports seems likely (page 7), total output will probably go up by rather more than this over the year. The greater part of this increase should be in the second half of the year, since there was no sign of it in the statistics for the first quarter.

Labour and capacity limitations

At the beginning of 1961, there was probably a substantial margin of spare labour resources and physical capacity in most industries. Table 2 shows that output per man employed was generally significantly lower in the first two months of 1961 than in the first quarter of 1960; part of the decline has been the result of a fall of about $1\frac{1}{2}$ hours in average weekly hours worked in manufacturing, some of which may prove to be permanent. Nevertheless, the increases in physical capacity over the year must have significantly increased potential output per man

Table 2. Changes in production, employment and output per head

Per cent change, 1960 I to 1961 Jan./Feb., seasonally adjusted

	Pro- duction	Employ- ment	Output per head
All industries	- 0.2	+ 1.6	- 1.7
Total manufacturing ..	- 0.7	+ 2.1	- 2.6
Food	+ 1.4	+ 2.4	- 1.0
Chemicals	+ 4.4	+ 2.1	+ 2.3
Metals	+ 1.3	+ 4.5	- 3.1
Engineering	+ 2.1	+ 4.2	- 2.0
Shipbuilding	- 3.2	- 4.7	+ 1.6
Vehicles	-12.5	- 0.3	-12.2
Other metal goods ..	- 0.9	+ 3.1	- 3.9
Textiles	- 4.0	- 0.4	- 3.6
Leather	- 2.0	+ 0.3	- 2.3
Clothing	+ 2.6	+ 2.5	+ 0.1
Bricks, etc.	+ 4.9	+ 1.9	+ 2.9
Wood-using	- 0.7	- 1.3	+ 0.6
Paper, printing	+ 1.8	+ 2.6	- 0.8
Other manufacturing ..	- 5.2	+ 1.4	- 6.5
Construction	+ 3.7	+ 3.1	+ 0.6
Gas, electricity	+ 4.2	+ 1.2	+ 3.0
Mining	- 4.8	- 5.3	+ 0.7

Source: Appendix tables 2 and 6, *Monthly Digest*, Ministry of Labour Gazette, and NIESR estimates.

in most industries. In the industries where productivity has risen output may not have been as close to full capacity in 1961 as a year earlier; in some of them (notably chemicals) productivity increases are normally large. Probably the most important industries which were at full capacity in the early months of 1961 were construction and some building materials. Even in the capital goods industries, where pressure is strong at certain points, there is probably still a significant margin available. This might be enlarged during the year if some workers were to move from vehicles, aircraft and shipbuilding, or if subcontractors should switch towards work for the capital goods industries.

Over the economy as a whole, therefore, there seems little danger of excess demand this year, even though output in the second half of the year is likely to be rising at a rate significantly higher than the 3 per cent a year which can probably be permanently maintained. But if demand continues to grow rapidly thereafter, there will be such a danger in 1962.

Nevertheless, increasing strain is likely this year on the building industry and the rapid rise in demand for capital goods which seems likely must throw increasing strain on engineering capacity. One of the most likely consequences would be to increase the pressure on the balance of payments, either by reducing exports through longer delivery delays or by increasing imports of capital equipment which have already been expanding extremely rapidly.

The external payments situation

The main threat to economic stability and to the prospects for a reasonable rate of expansion over the next twelve months still lies in the external payments position. Last year the United Kingdom's current deficit was £344 million and that of the sterling area as a whole was at the record level of £1,043 million; this year, it seems likely that both the United Kingdom and the overseas sterling area will once again have substantial deficits.

The most significant change in the revised balance of payments figures is a worsening in the estimated current balance, and a corresponding decrease in the net long-term capital outflow, arising mainly from the identification of larger reinvestment in the United Kingdom of profits of overseas companies than had previously been recorded. The change was between £50 million and £100 million in both 1958 and 1959. The normal net outflow of grants and long-term capital may now be put at about £200 million; with present liberal policies towards capital movements, and allowing for some increase in official loans and aid to underdeveloped countries, it will probably increase. On the other hand, it may be assumed that

unidentified items in the balance of payments (the 'balancing item') would normally bring in up to about £100 million a year.⁽¹⁾ A current surplus, as recorded, of about £150 million on the new statistical basis would thus be necessary to avoid a further increase in short-term borrowing or a further loss of reserves. A bigger surplus would improve our monetary position.

Import trends

The value of imports fell sharply in the early months of 1961. After allowing for the effects of dock strikes, it seems likely that the volume of imports in March-April was, at a seasonally adjusted rate, about 4½ per cent lower than in the peak period, from October 1960 to January 1961. This decline probably reflects the cessation of abnormal stock-building of imported commodities by the end of the first quarter. Over the same period the average value of imports fell by some 2-3 per cent, mainly because of falls in food prices. At least up to March, increasing quantities were imported of all the main categories of finished manufactures other than cars and ships. The main increases were in capital goods, particularly machine tools, office machinery and textile machinery.

Imports may remain at relatively low levels for some months, but later in the year the volume of imports is likely to increase again as a result of domestic expansion. The value of imports will probably rise even more than the volume. A recovery in commodity prices has already started and may be reinforced by the general expansion in demand expected in the industrial countries. By the fourth quarter, the import bill is likely once again to be running significantly above the average level of the first quarter, and probably a little above the final quarter of 1960.

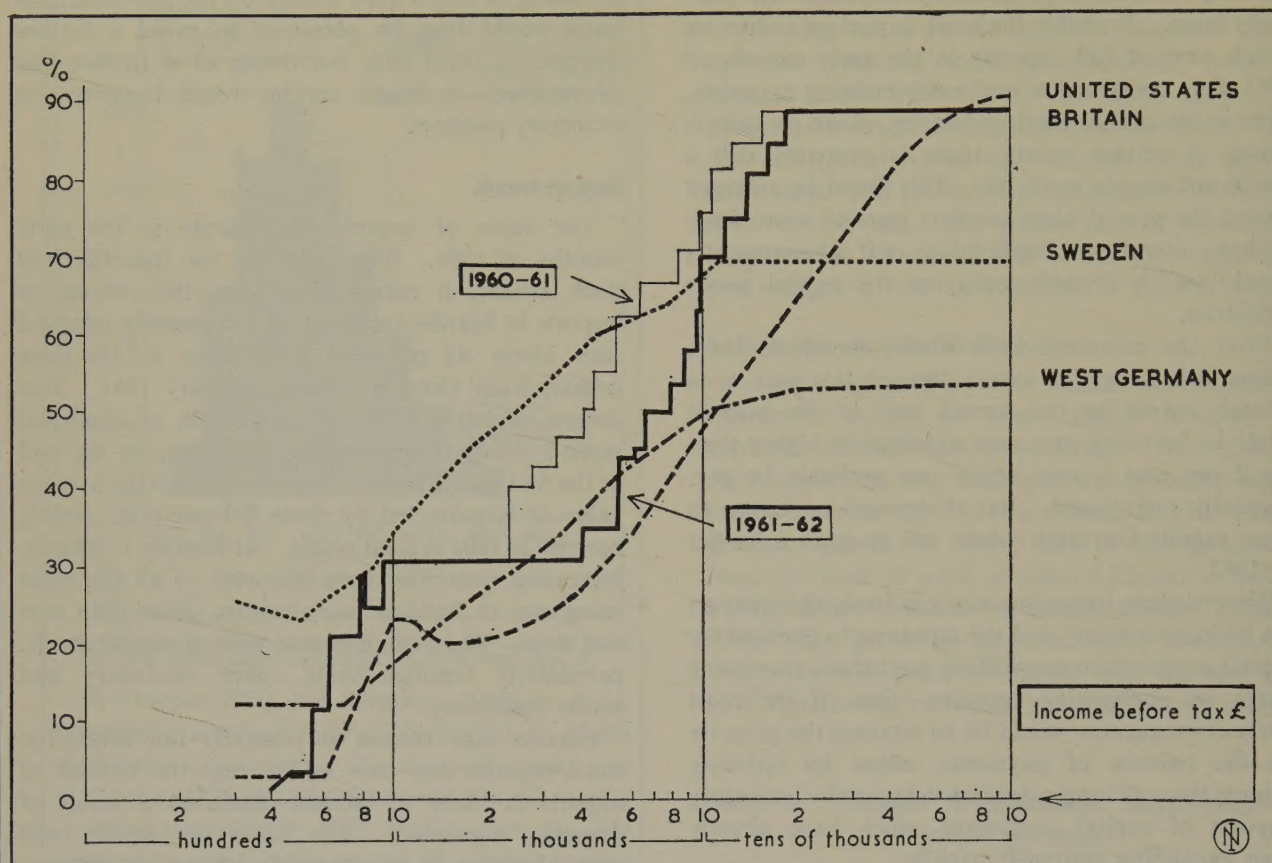
Export trends

The recovery in exports in the first quarter was exaggerated by delays in shipments resulting from the dock strike in the autumn. After a rough correction for this disturbance, and after excluding exports of ships and aircraft, which tend to be particularly irregular because of the large size of each individual item (table 3), exports rose by 1.8 per cent in value between the fourth and first quarters. This increase, which was mainly due to higher prices, followed a 3.2 per cent rise from the trough in the third quarter to the fourth quarter of 1960. In

⁽¹⁾One of the surprising features of the new statistics is that in 1958 to 1960, when inward portfolio investment was generally believed to be rising, the item which includes such portfolio investment as can be identified was declining. This suggests that the balancing item may contain a substantial amount of 'long-term' investment in securities in Britain.

Chart 5. Marginal rates of tax paid on the gross income of the standard family^(a) in four countries^(b)

Per cent



Source: *Income Taxes Outside the Commonwealth*, HMSO, periodically revised, the Board of Inland Revenue and the Ministry of Pensions and National Insurance.

(a) The standard family consists of a man, all of whose income is earned in wages or salary, dependent wife, both adults being under 50 years old, and two children between the ages of 5 and 10 years. Tax paid includes social security contributions less family allowances.

(b) Incomes compared using cost of living exchange rates. See Appendix to 'The burden of taxation: an international comparison', *National Institute Economic Review*, no. 14, page 60, note 3. The curves become uneven at incomes near the ceiling for contributions to social security schemes. The German curve has been smoothed.

This chart is a revised version of chart 3 which appeared on page 59 of the *National Institute Economic Review*, no. 14, March 1961. The chart shows the effect of the surtax changes introduced in the recent Budget. Before the Budget the Briton with a gross income between £3,000 and £5,000 retained a much lower proportion of any extra income earned than a West German or American in the equivalent income group. The Briton now retains more than the German and only slightly less than the American. The chart also shows stepped changes in British marginal tax rates in place of the original smoothed curve; and some arithmetical errors in the British series have been removed.

March and again in April, there was a slight dip back to fourth quarter levels.

The weakest market in the first quarter was North America, where exports fell again sharply after a moderate recovery in the fourth quarter; they were 30 per cent less than in the first quarter of 1960 (table 3). Exports rose to the other main market areas. Sales to Western Europe continued upwards and those to the overseas sterling area recovered.

The decline in exports of ships and aircraft to the sterling area was mainly due to reduced transfers of ships to Bermuda and Bahamas registrations. The relatively high recent figures of exports of these items to North America and other non-sterling countries were due to deliveries of Vanguard aircraft to Canada and Comets to the Middle East; deliveries to Canada should continue at high levels until July, but otherwise most of the outstanding overseas orders for civil

Table 3. United Kingdom exports by area ^(a)

£ million, seasonally adjusted

	1960				1961				
	I	II	III	IV	I	Jan.	Feb.	Mar.	Apr.
Total exports to									
North America	160	136	119	127	119	39	43	37	..
Western Europe	257	254	253	268	277	90	93	93	..
Eastern Europe	19	22	20	18	20	5	8	8	..
Overseas sterling area	352	357	362	364	370	128	123	120	..
Latin America	45	40	44	43	40	13	14	12	..
Other	82	74	71	80	84	29	26	29	..
All countries^(c)	915	885	870	901	912	303	307	301	306
<i>of which</i>									
Ships and aircraft^(b) to									
North America	2	3	1	4	8	2	3	3	..
Western Europe	7	6	4	3	4	1	—	3	..
Overseas sterling area	9	15	11	14	6	5	1	—	..
Latin America	9	2	6	3	—	—	—	—	..
Other	3	5	2	4	5	1	1	3	..
All countries	30	31	24	28	23	9	5	9	17
Other exports to									
North America	158	133	118	123	111	37	40	34	..
Western Europe	250	248	249	265	273	89	93	90	..
Eastern Europe	19	22	20	18	20	5	8	8	..
Overseas sterling area	343	342	351	350	364	123	122	120	..
Latin America	36	38	38	40	40	13	14	12	..
Other	79	69	69	76	79	28	25	26	..
All countries^(c)	885	854	846	873	889	294	302	292	289

Source: Board of Trade Journal, Trade and Navigation Accounts, NIESR estimates.

(a) Adjusted for dock strikes.

(b) Partly estimated.

(c) Owing to rounding this differs slightly in some cases from the totals of the components as shown.

aircraft have now been completed and deliveries on the scale of recent months are not in prospect at least for the next two years.

The spectacular decline in the North American market for British cars (other than sports cars) has been responsible for much of the weakness of exports over the last twelve months. Now that most of the market has been lost, there is at least the consolation that little further decline can take place, although increased competition may still be met from the American 'compact' cars in third markets; their prices seem highly competitive with those of British medium-powered cars. The most encouraging factor in the present situation is the growth in machinery exports, mainly to Western European countries, notably Italy and Germany. A substantial backlog of export orders for engineering goods was built up in late 1959 and the first half of 1960, and the order book continues to lengthen.

World trade prospects

Conditions in the industrial countries are likely to be more favourable for British exports than they were in 1960, but in the primary producing countries

British exporters are likely to have fewer opportunities than they had last year.

Recovery of economic activity is now taking place in the United States, mainly as a result of the normal swing of the stock cycle and the recovery in the demand for cars. In February and March most of the indicators which tend to lead in the business cycle continued to point to recovery; and in March and April seasonally adjusted industrial production began to recover; it rose $\frac{1}{2}$ per cent in March and $2\frac{1}{2}$ per cent in April. A rise in activity and the resumption of stock-building in North America should help British exports substantially.

Expansion in Western Europe as a whole is generally expected to be slower than last year, mainly because of capacity limitations. This is by no means certain. Moreover, if true, the effect on United Kingdom exports should not necessarily be harmful; a lower growth of total demand would limit our potential markets, but if demand abroad exceeds capacity, this must help our relative competitive position.

The latest information suggests that the often-predicted slackening in the West German expansion is once again failing to occur. Industrial production

appears to have been rising again in the last few months as fast as at any time in recent years. The recent expansion is due largely to an accelerated rise in consumption and has been concentrated on those industries, where there was still existing surplus capacity. Investment spending shows no sign of slowing down, but a high proportion of firms in the investment goods industries report some delivery delays. It is doubtful whether labour shortages will (as often predicted) lead to a serious limitation on the growth of total output in 1961. It is true that unemployment has fallen to a very low level. On the other hand, 150 thousand foreign workers are likely to be added to the labour force in 1961—an increase of $\frac{1}{2}$ per cent—and they are likely to go to the trades where labour is most scarce.

Primary producing countries

The visible trade deficit of the overseas sterling area (excluding oil producing countries) rose from \$1.98 billion in 1959 to \$3.32 billion in 1960 (table 4). Exports were tending to fall during 1960, while imports were fairly stable by the middle of the year. ⁽¹⁾ The gold and foreign exchange reserves, which had shown an increase of \$0.57 billion in 1959, declined by \$0.69 billion in 1960 and have fallen further in 1961. It appears that the net inflow of capital was fairly constant. The countries suffering the biggest deterioration in their external position have been Australia, New Zealand and South Africa.

There are indications that the Australian Government's deflationary measures are having their effect on the external payments situation. Imports declined continuously from £A100 million in January 1961 to £A87 million in April; meanwhile there has been some recovery (allowing for seasonal factors) in exports and the trade gap has been substantially reduced. Nevertheless, the present level of imports is still considered too high in relation to current earning capacity and there is disappointment that imports are not falling faster.

Despite an enlarged capital inflow, partly long-term and partly in the form of increased trade credit, and in spite of the expectation that imports will continue to fall further now that investment and car sales are declining, it is expected that the seasonal decline in Australian exports will lead to a further fall in the reserves probably until the autumn. The Government has applied to the International Monetary Fund for assistance, and is likely to continue policies of internal restraint at least until next year.

The Australian market for British exports is therefore likely to be smaller in the rest of 1961 than

Table 4. Visible trade and reserves of overseas sterling area (excluding oil producers)

\$ billion, quarterly rates^(a)

		Exports f.o.b.	Imports c.i.f.	Trade balance c.i.f./f.o.b.	Change in reserves
1955		2.61	3.01	-0.40	-0.08
1956		2.73	3.18	-0.45	-0.07
1957		2.85	3.51	-0.65	-0.10
1958		2.54	3.31	-0.77	-0.09
1959		2.88	3.37	-0.50	+0.14
1960		3.04	3.89	-0.85	-0.17
1958	I	2.66	3.43	-0.77	-0.20
	II	2.44	3.29	-0.85	-0.22
	III	2.44	3.16	-0.73	-0.14
	IV	2.63	3.37	-0.73	+0.18
1959	I	2.63	3.13	-0.51	+0.19
	II	2.83	3.39	-0.55	+0.09
	III	2.83	3.34	-0.50	+0.10
	IV	3.22	3.63	-0.42	+0.19
1960	I	3.16	3.71	-0.54	-0.01
	II	3.10	3.92	-0.82	-0.19
	III	2.92	3.93	-1.02	-0.32
	IV	2.97	3.98	-1.00	-0.16

Source: *IFS* and *Appendix*, tables 24 and 28.

(a) For seasonally adjusted trade figures (which are not used here in order to keep the comparison with the movement of the reserves) see *Appendix*, table 24. 1960 figures are partly provisional.

it has been. Tighter import restrictions in other countries, notably New Zealand and South Africa, are likely to have similar effects, and no re-expansion of markets in these countries seems probable until there has been a substantial rebuilding of their reserves.

On the other hand, the recovery of activity in the United States and the United Kingdom, together with continuing growth in Western Europe, may well increase the export incomes of the primary producing countries and so ultimately lead to an expansion of their market for manufactures. Already primary product prices are showing an upward trend. The effect of this recovery on British export sales in 1961 is not likely to be substantial; the main effects can be hoped for in 1962.

In total, therefore, it is probable that export opportunities in Western Europe will continue to increase relatively fast and that there will be a substantial recovery in North American markets. On the other hand, markets in the sterling area are likely to be weak for a time. The United Kingdom's success in overseas markets will also depend, however, on her competitive strength, which, although still weak, can be expected to gain something from the German and Dutch revaluations. Some of this

⁽¹⁾ This takes into account the seasonal adjustments suggested on page 42.

advantage would start to disappear if export prices started to rise along with the internal price rises likely this year.

On balance, the volume of exports is likely to show a slow upward trend and the value may in the fourth quarter be about 3 per cent above the adjusted first quarter level.

Balance of payments prospects

The current account of the balance of payments must have improved markedly since the fourth quarter. In the first quarter of 1961, the deficit was probably not more than about £25 million. The narrowing of the trade gap which is reflected in these figures was partly the result of the dock strike, and there are also normal seasonal factors which make the first quarter better than average. If these are allowed for, the annual rate of deficit was probably still not far short of £200 million, in spite of some relief to the invisible accounts as a result of a reduction in interest payments on the sterling balances.

The lower level of imports in recent months suggests that the current deficit in the middle of 1961 may be running at levels considerably lower than this and the published figures (which are not seasonally adjusted) might well swing into surplus for a time. But by the end of the year, the current balance seems likely to be once again in substantial deficit—perhaps little different (after allowing for seasonal factors) from that in the first quarter of the year.

It therefore seems likely that the United Kingdom's current account will be in deficit for the year as a whole. This means that the net long-term capital outflow must be met either by short-term borrowing or from the reserves.

The evidence suggests that sterling balances were being withdrawn or that other short-term capital was leaving the country in the first quarter; reserves fell by £75 million, though the current deficit was probably a good deal smaller than this, at a time of the year when recent experience suggests that the net long-term capital outflow is normally very small or even negative.⁽¹⁾ The whole of the loss of reserves may have been due to withdrawals of sterling balances by overseas sterling area countries, in response to their deficits. Privately-held balances of non-sterling

residents were also certainly run down in the first quarter, particularly in the period of heavy speculation against sterling after the German revaluation in March. On the other hand, action under the Basle Agreement must have resulted in a sharp increase of official holdings of non-sterling countries.

In the rest of the year, it is likely that there will be further substantial withdrawals of sterling balances of sterling area countries, although probably at a diminishing rate as measures to deal with their payments deficits take effect. Further withdrawal of private short-term capital funds from London is clearly a risk, in view of the very large inflow of funds last year.

It seems likely, therefore, that there will be need for large scale support from foreign central banks or the IMF, if big reserve losses are to be avoided in the rest of the year.

Policy

Demand is likely to grow rather faster than capacity this year and so some of the remaining slack in the economy is likely to be taken up. If demand continued to grow at this rate or faster, and if capacity continued at its present rate of expansion, the economy would become overstrained in 1962. Because of this risk, the new powers to vary some taxes at short intervals are to be welcomed.

The variable employment tax would, however, raise costs and hence prices; whilst raising the excise duties would directly raise prices. There is some disadvantage in dealing with an excess of demand by measures which stimulate price inflation. Variation of taxes on consumers' *incomes* might be a preferable alternative. It is probably wrong to suppose that the employment tax would have much effect in encouraging the use of labour-saving methods of production.

In any case, the main problem this year is likely to be the continuing weakness of the balance of payments, and fiscal measures designed to influence internal demand cannot, of themselves, provide a satisfactory solution to this problem. This year, sterling seems likely to receive a much greater degree of international support than the dollar was able to enjoy when it was under heavy pressure last year. This is satisfactory only so long as it is felt that the underlying balance of payments weakness will correct itself with time.

⁽¹⁾The Ford deal will enter into the first quarter figures as a long-term capital inflow but this is merely a book-keeping transaction; the funds actually came into Britain last year but were then recorded as an increase in sterling balances.

ECONOMIC REVIEW: AN ASSESSMENT OF FORECASTS, 1959-1960

Introduction

The Review has now been appearing for more than two years ; this article looks critically at our attempts at forecasting. Forecasting is not the Review's only purpose ; it aims to provide a regular and systematic analysis of recent economic developments, which allows readers to form their own views of the future. Our forecasts provide one view for them to consider.

A comparison of forecasts with actual results is not as straightforward as it sounds. For one thing, many of the statistics of what actually happened are still likely to be revised : so forecasts which at present appear right may later appear wrong, and vice versa. This and other problems of comparison are discussed in an appendix. The assessments in this article are based mainly on the forecasts made in the special issues in January and in the May issues after the Budget, which were fuller than those in other issues of the Review ; but where our views changed during the course of the year, this is noted.

The general level of demand

Our main error was that we did not foresee how strong the upswing in demand would be in 1959, or how rapidly demand would level out in 1960. Table 1 compares the January and May forecasts—from fourth quarter to fourth quarter—with the actual changes.

In January 1959, the British economy was beginning to recover from a slight recession, which had come at the end of three years of stagnation. The relaxation of credit and hire purchase restrictions in September 1958 had led to a burst of spending on durable consumer goods. In the Review it was concluded that the economy was just turning upwards, but that the forces of expansion at home and abroad were still weak. Exports were expected to rise a little in 1959 ; the hire purchase boom was not expected to last at full strength for more than a few months ; fixed investment was expected to give some temporary stimulus. Total demand was expected to rise by between 1 and 2 per cent. It was argued that there was scope for a larger increase in demand and that further expansionary measures were needed.

In May, after tax concessions of more than £300 million in the Budget, we revised upwards our view of consumers' expenditure and of fixed investment.

But we stuck to the view that exports of goods and services would rise only slightly. We expected total demand to rise by 3 per cent. According to present estimates it rose by about 6 per cent. Our biggest proportionate errors were in exports and fixed investment, each of which we underestimated by about 5 per cent.⁽¹⁾ The figures for investment in stocks, as explained later, are very uncertain, but here again we appear to have made an underestimate. On the supply side, we estimated that imports would rise faster than home output, partly because of the ending of de-stocking. In the event, the fact that demand rose faster than we expected meant that we underestimated both imports and output. Added to that, imports (seasonally adjusted) rose very sharply in the fourth quarter.

By January 1960, it had been plain for some time that recovery, both at home and abroad, had been much more rapid than we had originally thought it would be. In our January forecasts we expected all items of demand, with the exception of investment in stocks, to continue to rise at about the same high rate as in 1959. But because we expected a decline in investment in stocks to follow the apparent rise in 1959, total demand was expected to rise by only 4 per cent.

In the early months of the year there were signs that demand was rising unexpectedly fast because of the strength of exports, the pace at which incomes were rising and a newly announced rise in defence expenditure. Moreover, the balance of payments appeared to be weaker than we expected and the labour market tighter. We therefore revised our view of demand upwards and discussed the need for selective measures to contain demand. By May, the Government had tightened credit, had reintroduced hire purchase restrictions and had raised tobacco tax and profits tax in the Budget. In our May forecasts, we took the view that these changes would moderate the growth of demand a little, but we did little more than revert to our January forecast. In the event, total demand and output stopped rising in the second quarter of the year and the forecast proved too high. We failed to foresee that exports and consumption would level out in the second half of the year. On present estimates, investment in stocks stopped rising but did not actually fall. On the supply side, we overestimated the rise in the gross domestic product and slightly underestimated the rise in imports.

This article was prepared by R. R. Neild and E. A. Shirley of the National Institute. Mr. Neild was editor of the Review over the period which the article covers.

⁽¹⁾Errors measured as a percentage of the level in the base period.

Table 1. Changes in demand, forecast and actual

£ million, 1954 prices, quarterly averages

A. 1958 IV to 1959 IV

	Level in 1958 IV	Forecast change		Actual change	Difference ^(a)		Per cent change over 1958 IV		
		Jan.	May		Jan.	May	Forecast change		Actual change
							Jan.	May	
Consumers' expenditure	3,409	+ 48	+ 90	+142	- 94	- 52	+ 1½	+ 2½	+ 4
of which durables	289	+ 30	+ 35	+ 43	- 13	- 8	+10½	+12	+15
Public authorities' current spending ..	732	+ 12	+ 12	+ 23	- 11	- 11	+ 1½	+ 1½	+ 3
Gross fixed investment	752	- 5	+ 38	+ 76	- 81	- 38	- ½	+ 5	+10
Exports of goods and services	1,077	+ 20	+ 20	+ 76	- 56	- 56	+ 2	+ 2	+ 7
Total demand, excluding investment in stocks	5,970	+ 75	+160	+317	-242	-157	+ 1½	+ 2½	+ 5½
Investment in stocks	+37	+ 25	+ 30	+ 61	- 36	- 31			
Total final demand	6,007	+100	+190	+378	-278	-188	+ 1½	+ 3	+ 6½
Less imports of goods and services ..	1,176	+ 50	+ 70	+119	- 69	- 49	+ 4½	+ 6	+10
Less factor cost adjustment	568	+ 10	+ 10	+ 55	- 45	- 45	+ 2	+ 2	+10
Gross domestic product (from expenditure)	4,263	+ 40	+110	+204	-164	- 94	+ 1	+ 2½	+ 5
Gross domestic product (from output) ^(b) ..	4,237			+308			+ 3	+ 4½	+ 7
Industrial production									+ 9

B. 1959 IV to 1960 IV

Consumers' expenditure	3,551	+120	+120	+ 46	+ 74	+ 74	+ 3½	+ 3½	+ 1½
<i>of which durables</i>	332	+ 30	+ 20	- 72	+102	+ 92	+ 9	+ 6	-21½
Public authorities' current spending ..	755	+ 30	+ 25	+ 44	- 14	- 19	+ 4	+ 3½	+ 6
Gross fixed investment	828	+ 65	+ 60	+ 53	+ 12	+ 7	+ 8	+ 7	+ 6½
Exports of goods and services	1,153	+ 75	+ 60	+ 2	+ 73	+ 58	+ 6½	+ 5	-
Total demand, excluding investment in stocks	6,287	+290	+265	+145	+145	+120	+ 4½	+ 4	+ 2½
Investment in stocks	+98	- 25	- 25	+ 68	- 93	- 93			
Total final demand	6,385	+265	+240	+213	+ 52	+ 27	+ 4	+ 3½	+ 3½
Less imports of goods and services ..	1,295	+ 80	+ 80	+103	- 23	- 23	+ 7	+ 7	+ 8
Less factor cost adjustment	623	+ 35	+ 35	+ 35	-	-	+ 6	+ 6	+ 6
Gross domestic product (from expenditure)	4,467	+150	+125	+ 75	+ 75	+ 50	+ 3½	+ 3	+ 1½
Gross domestic product (from output)^(b) ..	4,545			+105			+ 6	+ 7	+ 2½
Industrial production							or 7		+ 2½

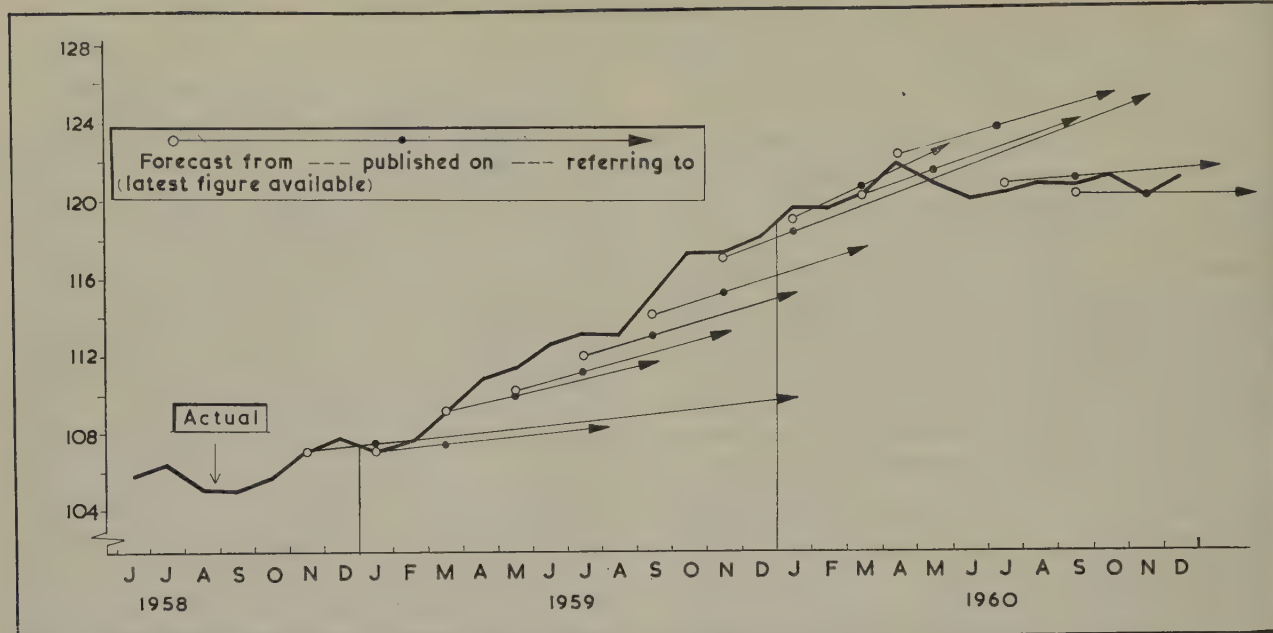
Source : (for actuals) Appendix table 1.

(a) + = overestimate
- = underestimate

(b) Gross domestic product measured in terms of expenditure should, but does not always, equal gross domestic product measured in terms of output. In each of the periods covered by these two tables there was a substantial increase in the statistical discrepancy, the output series rising faster than the expenditure series.

Chart 1. Forecast and actual changes in industrial production

Index numbers, 1954 = 100, seasonally adjusted

Source : (for actuals) *Monthly Digest*.

Our errors arose mainly from the acceleration in demand after the 1959 Budget, and from the check to demand after the second quarter of 1960. In fact the revision of our views did not take place in such discrete steps as appears from an examination of the January and May forecasts alone. As each year progressed, we modified our view from issue to issue, as new evidence came in; during 1959 the estimates were revised upwards, and during 1960 downwards. This is shown conveniently by a comparison of our views of the likely course of industrial production with the actual figures (chart 1).

The methods used

In order to see the causes of error it is necessary to trace the methods used in making the forecasts. Independent estimates are first produced of public current expenditure on goods and services, exports, fixed investment, wage rates and import prices. The estimate of public expenditure is based on Government Estimates or, when they are lacking, on the extrapolation of past trends, with allowance for any known changes. The export forecasts are produced after an assessment of market prospects in different parts of the world, together with any available information on the trend in exports of particular products, on export orders and on other specific influences. Fixed investment is based largely on Government inquiries into investment plans, plus forward indicators of plans and orders. Investment in stocks is little more than a guess (page 22). Wage

rates are estimated in the light of an assessment of wage settlements and of wage demands outstanding, modified by the view taken of the likely pressure of demand for labour. Import prices are based on the assessment of trends abroad and trends in markets for primary commodities.

An initial estimate of consumption is made on the basis of a first assumption about the growth of personal incomes, plus knowledge of changes in hire purchase debt or other special factors. This permits a first estimate of national expenditure to be made, from which a view of employment, hours, productivity and prices and a second estimate of incomes (money and real) is then derived. At this stage it is necessary to guess how far higher demand will be met by higher productivity and how far by higher employment.

The consumption estimate is then revised if necessary. And if it, or other items of demand, are expected to change direction or speed markedly, the estimate of fixed investment and of investment in stocks may be modified to allow for the reactions of industry to changes in their order books and in the degree of utilisation of their capacity. Thus the forecast is made by bringing together forecasts of each main item and then juggling them until they fit into a consistent pattern. The main items are estimated independently, but allowance is made for the interaction between them. The main interactions are the effect of changes in non-consumption demand on personal incomes and consumption—this emerges in the estimates of employment, hours and incomes—

Table 2. Changes in investment : January forecasts and actuals^(a)

A. 1958 year to 1959 year

	Level in 1958 £ million, 1954 prices	Per cent change over previous year		
		Forecast	Actual	Difference
Private housing	67	+ 9	+25	16
Public housing	60	-10	nil	10
Public investment (excluding housing)	256	+10	+9.5	0.5
Private investment ^(b) :				
Manufacturing	188	-15	- 5	10
Other industries and services	186	nil	+ 6	6
Total fixed investment	751	-1 or -2	+ 5	6 or 7

B. 1959 year to 1960 year

Private housing	84	} +10	+14	4
Public housing	61			
Public investment (excluding housing)	282	+ 9	+ 6	3
Private investment ^(b) :				
Manufacturing	179	about +10	+17	7
Other industries and services	198	over +8	+ 7	1
Total fixed investment	797	+ 9	+ 9	nil

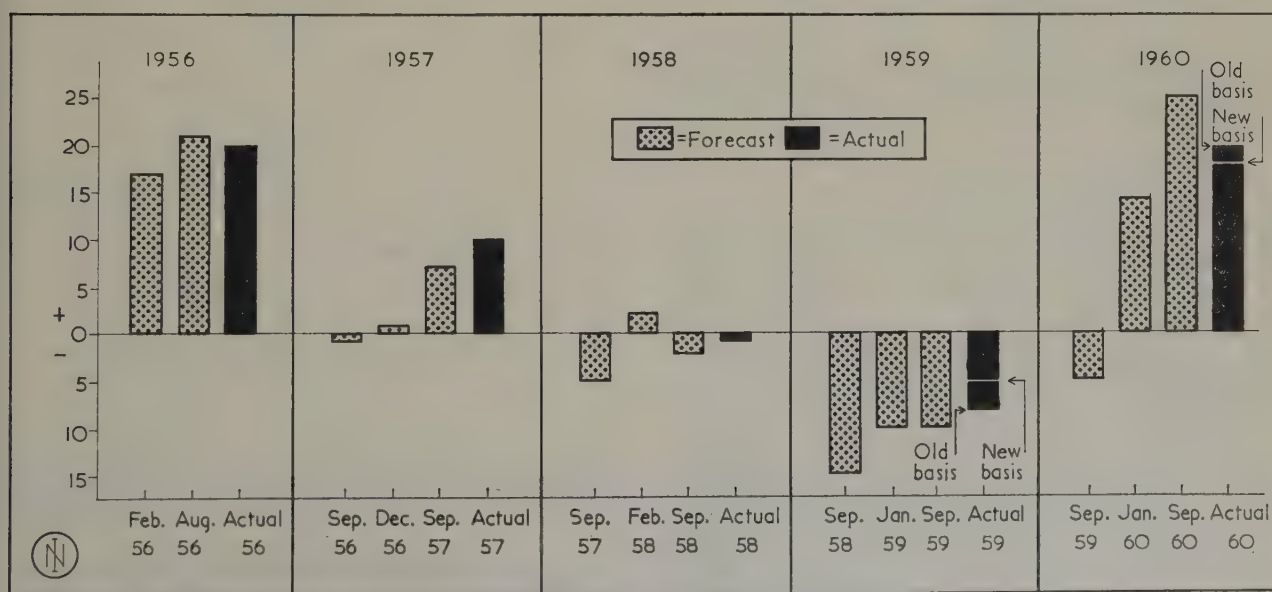
Source : (for actuals) Appendix table 12.

(a) The figures for total fixed investment are not comparable with the estimates in table 1, which show changes between the fourth quarters of each year. Nor are the figures for private investment comparable with those in table 3. There the figures are at current prices ; those for manufacturing are given on both the old and the new basis whereas here they are given on the new basis only (see *Board of Trade Journal*, 17 March 1960) ; and the figures for other industries and services differ in coverage.

(b) The constituents of private investment do not add to the totals because of a slight overlap between the figures for private and public investment.

Chart 2. Board of Trade Inquiry into investment intentions in manufacturing industry : forecasts and actuals

Current prices, percentage change over previous year



Source : Table 3, page 16.

and the effect on private investment of changes in other items of demand. The interactions, however, are generally assumed to be fairly slight in the short period for which forecasts are made.

The following sections consider first the various items of demand, and then the estimates of capacity and labour supply. The forecasts of prices, imports and the balance of payments are then examined. Lastly a comparison is made with forecasts for the same period made by other people.

Fixed investment

Our forecasts of total fixed investment were too low for 1959, but right for 1960⁽¹⁾—though in that year some of the components were higher and some lower than we expected. The forecasts made in January of each year are shown in table 2. The item that, in absolute terms, was widest of the mark in each year was investment by private industry, notably manufacturing industry. Forecasting this item raised the problem of the interpretation of the Board of Trade Inquiry into investment intentions; in particular

⁽¹⁾The forecasts of investment made at the beginning of each year were for the whole of that year, compared with the whole of the previous year; estimates of the likely level in the fourth quarter were then derived from the annual figures.

there was a clash in the autumn of 1959, when we had to choose between believing the Inquiry and other indicators—only one of which then pointed to any rise in investment—or trusting to theory, which suggested that rising output and declining idle capacity were bound to induce increased investment spending. In fact, we chose to believe the indicators—but we would have done better to have followed theory.

The Board of Trade Inquiry into investment intentions in manufacturing industry are published twice a year, usually in September and January; they provide three successive views of the expected level of investment in any year—the first view in the September of the previous year, the second in January, and the third in September of the same year (table 3 and chart 3). Our forecast for 1959 was based on the Board of Trade Inquiry published in September 1958; we said that the likelihood of a fall of 15 per cent was confirmed by the trend of factory building approvals and by our inquiries to individual firms. After the Budget we revised our view, saying—on theoretical grounds—that a reduction in the amount of idle capacity in industry must in time lead to a rise in investment. Then, in September 1959, the Board of Trade results indicated a 5 per cent decline in 1960, and we abandoned our optimistic view.

Table 3. Board of Trade Inquiry into investment intentions of private industry

Current prices, percentage change over previous year

Forecast		Manufacturing ^(a)			Other industries and services ^(b)		
published in	relating to	Forecast	Actual		Forecast	Actual	
			Old basis	New basis		Old basis	New basis
February 1956 August 1956	1956	+17	+20	+20	+12	+ 8	+ 8
		+21			+20		
September 1956 December 1956 September 1957	1957	- 1	+10	+10	- 1	+ 7	+ 6
		+ 1			+ 2		
		+ 7			..		
September 1957 February 1958 September 1958	1958	0 or -5 ^(c)	- 1	- 1	..	+ 9	+15
		+ 2			—		
		- 2			- 2		
September 1958 January 1959 September 1959	1959	-15	- 8	- 5	..	+10	+ 3
		-10			+ 8		
		-10			+15		
September 1959 January 1960 September 1960	1960	- 5	+20	+18	—	+ 8	+12
		+14			+20		
		+25			+16		

Source : The construction of this table is described more fully in the Appendix, page 27. The forecasts were taken from the *Board of Trade Journal* published during the month shown. Estimates on the old basis for the years 1956 to 1959 were taken from the *Journal* 15 July 1960. Estimates on the new basis were taken from the *Board of Trade Journal*, 17 March 1960. For both 'manufacturing' and 'other industries and services' the industry coverage of the forecasts is broadly comparable with the industry coverage of the actual figures.

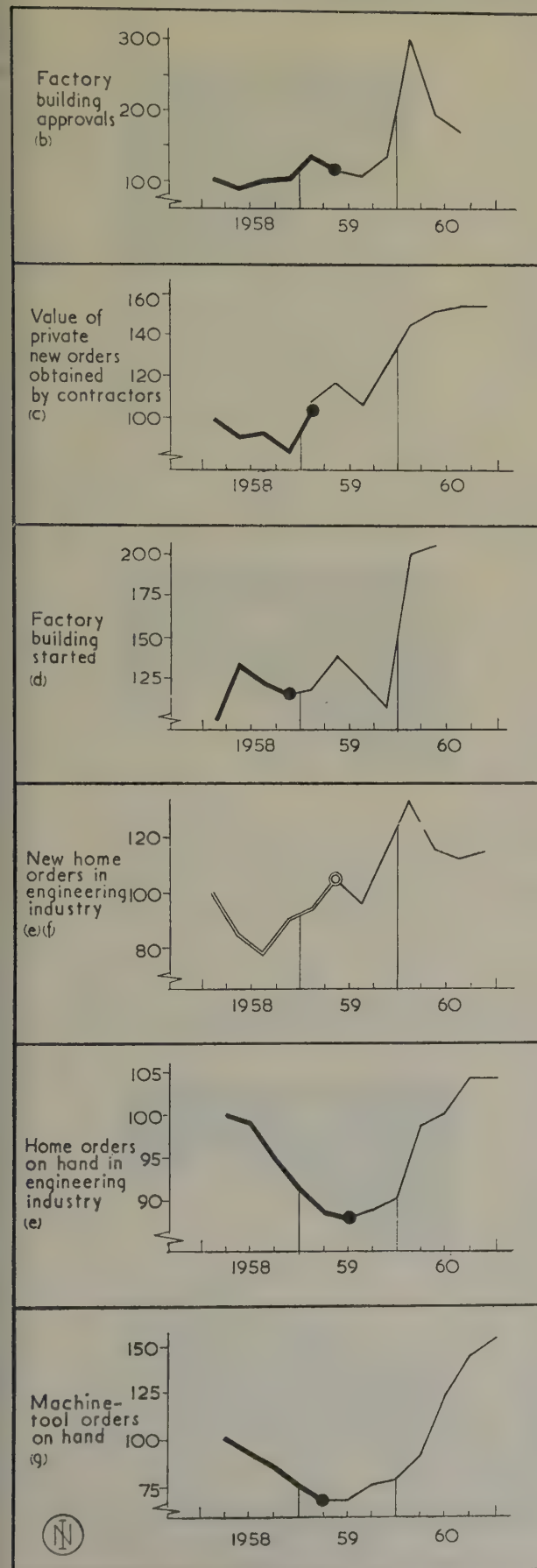
(a) Manufacturing industry : Standard Industrial Classification, Orders III to XVI.

(b) Other industries and services : SITC XVII (construction); part of XIX (transport and communications); XX (distributive trades); XXI (insurance, banking and finance); part of XXII (professional and scientific services); and XXIII (miscellaneous services).

(c) Alternative estimates resulting from switch-over from one method of calculation to another. See Appendix page 27 and *Board of Trade Journal*, 20 September 1957, page 620.

Chart 3. Investment indicators : September 1959^(a)

Index numbers, 1958 I = 100



The other advance indicators were, in general, no more optimistic in September 1959 than the Board of Trade results. The indicators of building activity—factory building approvals, contractors' new orders and factory starts—seemed to be wobbling about and did not really turn clearly upwards until the end of 1959 or early 1960. (The figures are given in chart 3, where the heavy line shows how much information was available in September 1959.) Home orders on hand for machine tools and engineering goods had scarcely stopped falling. New orders for engineering had risen for three quarters—but the series was not then published. The FBI Inquiry appears in retrospect to have been a sensitive indicator: the results available in September 1959 (marked off by an arrow on chart 4) had shown a slight upward drift in the proportion of firms intending to spend more both on buildings and on plant and machinery; and the proportion of firms reporting that they were working below capacity had fallen sharply between February and June.⁽¹⁾ At the time, however, we had no experience of using this new inquiry and did not know what proportions between firms giving different answers we should expect at different phases of the trade cycle. In fact, it appears that even when investment is expected to rise (as it was in June 1959) the number of firms who say that they will be spending less on investment next year can still be greater than the number who say that they will be spending more; the important relationship to watch in this series is not the excess of 'mores' over 'lesses', but any tendency for the proportion of 'mores' to rise and the proportion of 'lesses' to fall.⁽²⁾ Interpreted in this way, the FBI series did give an advance warning.

At the beginning of 1960, the new Board of Trade inquiry produced a very different answer, and suggested a rise in manufacturing investment in 1960 of

⁽¹⁾The increase may have been accentuated by a slight change in the procedure followed in the questionnaire between February and June.

⁽²⁾See *National Institute Economic Review*, no. 14, March 1961, pages 5, 16 and 17.

Sources to chart 3: Net new orders and home orders on hand in engineering are taken from the *Board of Trade Journal*. Factory building approvals (seasonally adjusted by NIESR), factory building starts and new orders obtained by contractors are taken from the *Monthly Digest*. Machine tool orders on hand are taken from *Economic Trends*.

Notes to chart 3:

(a) The heavy line shows the figures available in September 1959. The light line shows later changes.

(b) The levels shown for 1960 II and III do not reflect minor changes in the series appearing after 1 April, 1960.

(c) Excludes housing and orders from public authorities. From the beginning of 1959 the figures for the construction industries are given according to the revised Standard Industrial Classification 1958 which includes constructional engineering firms whose main activity is erection not fabrication.

(d) New buildings and extensions to existing buildings mainly over 5,000 square feet in manufacturing industry.

(e) Average 1958 deliveries = 100.

(f) This series was published in the *Board of Trade Journal*, 22 July 1960. It was therefore not available in September 1959. The open white line shows what figures would probably have been available assuming the normal publication lag of three months.

(g) Total export and home orders.

14 per cent. (Between September and January manufacturers may have been waiting for the election results before committing themselves. But there is no sure evidence that this is what happened.) We returned to our optimistic view, reporting that the main reason for the change in the Board of Trade results was that the motor car industry and the steel industry had launched new expansion plans; but because we thought the steel industry would not be able to get new equipment fast enough we believed 10 per cent was more realistic than 14 per cent. From then on we reported increasing evidence that the rise was getting under way; but we did not explicitly put forward a new view about the rate of increase until September 1960, when we had the next Board of Trade results. These reported that manufacturers now expected their fixed investment to be up 25 per cent in 1960. We expressed the view that, since the rise in the first half of 1960 had been small, the forecast for 1960 would probably not be attained; the balance would carry over to 1961. In fact, the rise from 1959 to 1960 was about 20 per cent (table 3).

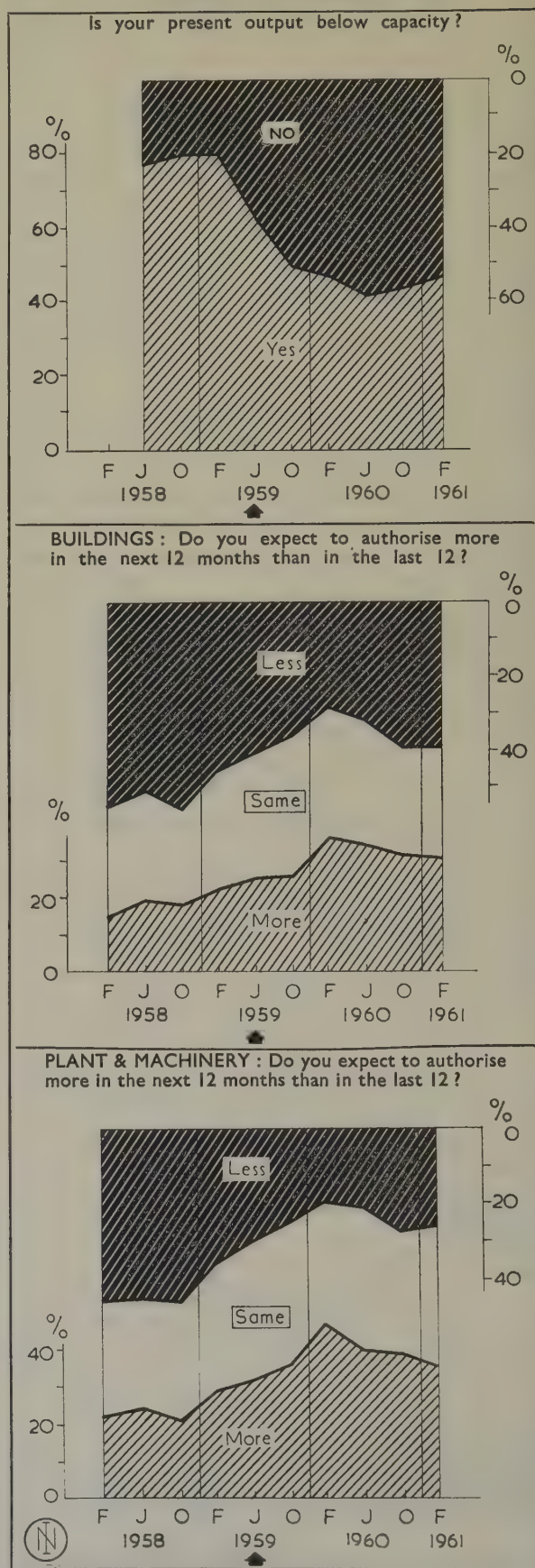
Private investment outside manufacturing and housing

There are not many forward indicators for private investment outside manufacturing and housing. The Board of Trade makes an inquiry into investment in distribution and other services, construction and road passenger transport. These together account for just over two-thirds of the field. The inquiry excludes agriculture and shipping, but a more important deficiency is that the figures are based on a small sample of larger companies, accounting for about a quarter of investment in these groups, and their expenditures are believed to be more volatile than that of the others. Comparisons of forecasts with actual results bring this point out to some extent (table 3). At the beginning of 1959 no Board of Trade forecast for this sector was available; the January Review 'found no basis for predicting much change'. There was, in the event, a rise of about 6 per cent in the whole sector (table 2)—including the industries the Board of Trade Inquiry does not cover. In January 1960, the Inquiry suggested a 20 per cent rise in investment in distribution and services. But we argued that, partly for reasons stated by the Board of Trade, the figure was too high and we forecast a rise of rather more than 8 per cent; present estimates suggest that the actual rise in the year was 7 per cent.

Public investment and housing

The forecasts of public investment were based partly on Government annual statements—or anticipations of them—and partly on the information on

Chart 4. FBI Inquiry : September 1959



the programmes of individual nationalised industries. The actual results fitted fairly well with the Government's statement of intentions, and the forecasts were not far wrong.

The forecasts of housing expenditure, made in January, were too low in 1959, but not far out in 1960 (table 2). During 1959 we revised upwards our view of the increase in private house building as we got more evidence of rising starts, the easy financial position of building societies and the promise of Treasury aid to the societies. But we did not revise our view of the trend in public housing; in January we expected a fall of 10 per cent in 1959, basing this estimate on the trend of housing starts and on the argument that the Government circular to encourage local authorities would have little effect. When figures first came through showing a big rise in starts in the first quarter—even after seasonal correction—we at first discounted them on the grounds that the weather had been unusually favourable in that quarter; it was only in September that we accepted the increase as genuine.

In September 1959 we expressed an early view about housing investment in 1960, when we said that 'private house building may level out next year'. This was part of the proposition put forward after we had seen the Board of Trade September forecast for manufacturing—that investment demand as a whole was weak and that the Government should

therefore introduce measures to raise public investment in 1960-61. It is an example of the tendency for depressing indicators in one sector to jaundice one's view in other sectors. By January our optimism had returned and our forecast for 1960 was a fairly good one: taking public and private house building together, we expected a rise of 10 per cent, and the actual rise was 14 per cent.

Public current expenditure on goods and services

The forecasts of this item were fairly accurate, as is to be expected in a period of stability in public spending. In January 1959, we underestimated the rise. In January 1960, we forecast a rise of 4 per cent on the grounds that spending would rise unless defence expenditure was cut. The Government Estimates, when they appeared, confirmed this, pointing to a larger increase than we had foreseen. Then Blue Streak was abandoned in April and we reduced our forecast. In the event spending rose by about 3 per cent from year to year.⁽¹⁾

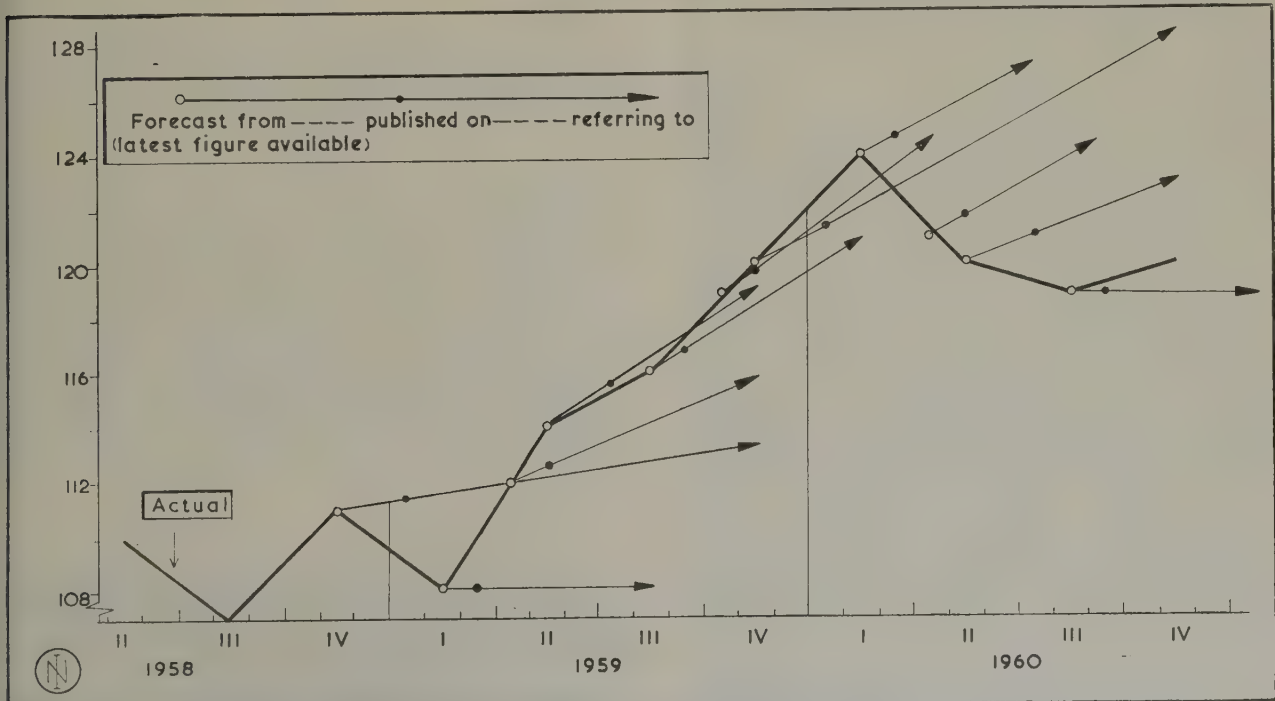
Exports and trends abroad

At the beginning of 1959 we saw that the slight recession in world trade was near its end and we

⁽¹⁾ There was a larger rise from the fourth quarter 1959 to fourth quarter 1960, but this was due to a hump in payments which appears to have no significance. See *Economic Survey 1961*, Cmnd. 1334, page 15.

Chart 5. Forecast and actual changes in the volume of exports

Index numbers, 1954 = 100, seasonally adjusted



Source: (for actuals) Appendix, table 17.

therefore forecast a slight rise in exports. But we considerably underestimated the increase—in particular the increase in exports to Europe and North America. We did not revise our view until the middle of the year, by which time exports had risen fairly sharply.

At the beginning of 1960, we overestimated the rise in exports during the year. We expected a rise in exports to Western Europe and to the sterling area, and a continued, though slower, rise in exports to North America. We were right about exports to Western Europe but wrong about the other two areas; exports to both of them fell during the year. We did not change our view until the figure for actual exports had shown a marked fall (chart 5).

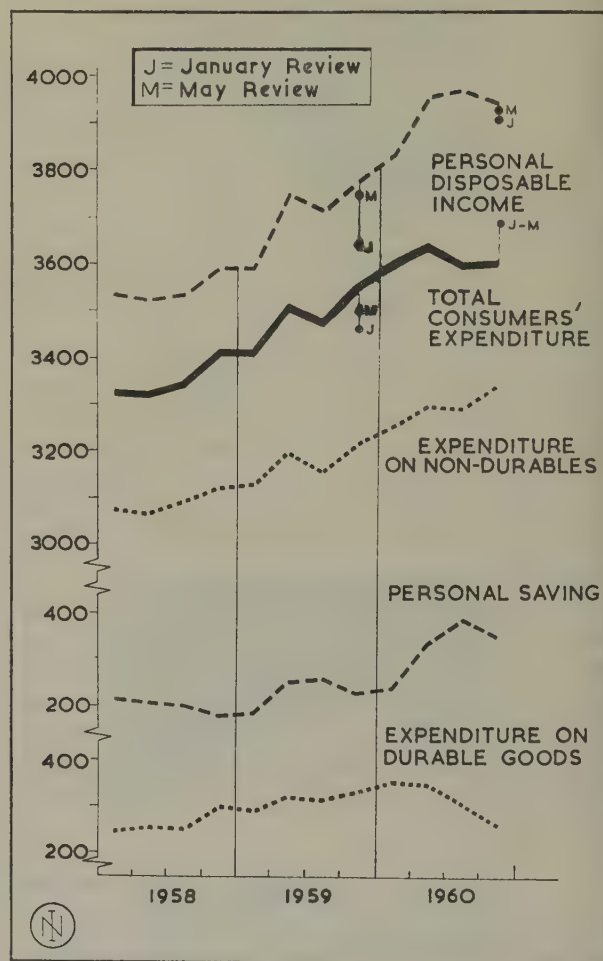
The export forecasts were all based on the view that sales to Western Europe and North America are fairly closely linked to the general level of demand in these areas, and that sales to the primary producing countries depend on the export incomes of those countries, which in turn are determined by the level of demand in the industrial countries. The estimates assumed that our share of world markets would continue to shrink.

In the event, we failed to foresee how soon there would be a recovery in Europe in 1959, and how suddenly there would be a recession in the United States in 1960. We also failed to foresee that exports to the United States and Europe would change considerably more than in proportion to the general level of demand in those countries. In part this was due to special factors—such as the big rise in car sales to the United States in 1959, and the fall in 1960, after the new American compact cars had come on to the market. Disproportionate changes, however, have been the rule in post-war years, and we probably underestimated how far this was so. In the sterling area in 1960 we were right in predicting that their total imports would rise fast, but we did not expect such a big fall in Britain's share of the market.⁽¹⁾

There are considerable difficulties in foreseeing the movement of the general level of demand in the industrial countries, the repercussions of this on primary producing countries and the effect of both on the demand for British goods. There are so many links in the long chain of causation, and each is so uncertain, that it is almost impossible to arrive at certain conclusions. The resulting uncertainty caused us to be greatly influenced by the latest trend in exports (chart 5) except at the beginning when we rightly took the view that the trend would change, albeit only slowly. There is the danger that, by surrounding a forecast which is really no more than a

Chart 6. Forecast^(a) and actual changes in personal disposable income and consumers' expenditure

£ million, 1954 prices, quarterly rates



Source : Appendix tables 1 and 11.

(a) The black dots show the fourth quarter level forecast in the previous January or May.

projection of the latest figures by a large apparatus of analysis, one may give it a spurious air of reliability. The forecasting of exports, because it depends on trends and policies in all the rest of the world, is likely to remain the most intractable problem in economic forecasting. Since changes in exports have powerful repercussions elsewhere, this limits the success one can hope for in forecasting demand as a whole.

Consumers' expenditure

We underestimated the upswing in consumers' expenditure in 1959 and early 1960 and did not foresee the check in the second half of 1960 (chart 6). Our forecasts of the change in real personal income were close to the mark. Our errors appear to have been mainly the result of underestimating the effects of

⁽¹⁾See 'Britain's falling share of sterling area imports', *National Institute Economic Review*, no. 14, March 1961.

changes in hire purchase terms and the associated change in the rate of saving.

At the beginning of 1959, we predicted that the effect of the relaxation of hire purchase restrictions would wane and that real incomes would rise only slowly. Hence only a small rise in consumer spending was expected. After the 1959 Budget, we expected that at first there would be a further rise in spending, concentrated on durables. Later in the year we expected hire purchase borrowing to ease off. But we thought that by then the rise in personal incomes would produce a continuing rise in consumer spending, concentrated less on durables and more on other goods and services than in the earlier phase when hire purchase was important. This general view proved right, but too cautious. There was a burst of spending after the Budget, a dip in the third quarter, and then a rise in which the extra spending went increasingly to non-durables. We largely—though not totally—escaped the pitfall of interpreting the third quarter dip as evidence that consumer spending was levelling out: in November we suggested that a new upsurge of consumer spending combined with lower saving was possible, but we thought a gradual rise more likely. In the event the rise in spending and in real incomes in the fourth quarter of 1959 was substantial and our forecast was exceeded.

At the beginning of 1960 we expected a continuing rise in total consumers' expenditure at an annual rate of about $3\frac{1}{2}$ per cent. In May we did not revise our view downwards, despite the fact that hire purchase restrictions had been reintroduced in April. This was partly because we raised our forecast of the rise in real incomes, following a burst of wage awards. But it was mainly because we thought that in the face of tighter hire purchase terms consumers would raise their cash outlay and not refrain from making purchases.⁽¹⁾ On this point we appear to have been wrong. We were influenced by the fact that there was a backlog of unsatisfied demand for cars. The backlog was, in fact, worked off by late summer and total consumer spending turned down in the third quarter. At the same time, the growth of real disposable incomes slowed down. Our forecast of the change in real disposable income up to the end of 1960 was about right. But the increase was concentrated in the first half of the year; we did not foresee the timing of the change.

Capacity and labour

In the January Review each year we made an assessment of the amount of spare capacity in the

economy and of the reserve of labour. This gave us a view of the scope for higher output in the year ahead, which could be weighed against the forecast of demand in order to judge whether or not the pressure of demand on productive resources was likely to be inadequate or excessive. Estimates of capacity were based partly on our own industrial inquiries.

In January 1959, we concluded that there was substantial spare capacity in industry; and we doubted whether expansion need be held back by a labour shortage—'an increase in employment of 1 or 2 per cent (200 thousand to 400 thousand) in a period of a year or so should be possible without again encountering a severe general shortage of labour'. We looked back to the recovery in 1953 and 1954 and concluded that an increase in industrial production of 10 to 15 per cent over two years or so should be possible before the slack in the economy was taken up and the normal, more gradual, upward trend of productivity was resumed. We did not give an explicit forecast of unemployment or vacancies.

These judgements about capacity were clearly right. At the end of 1959—though labour was scarce in the Midlands and the South—there was no general shortage. Employment had risen by 2 per cent; the number of unemployed was still well above the number of vacancies; and industrial production had risen at a rate equivalent to more than 15 per cent in two years. (In fact it had risen by more than 15 per cent by April 1960.)

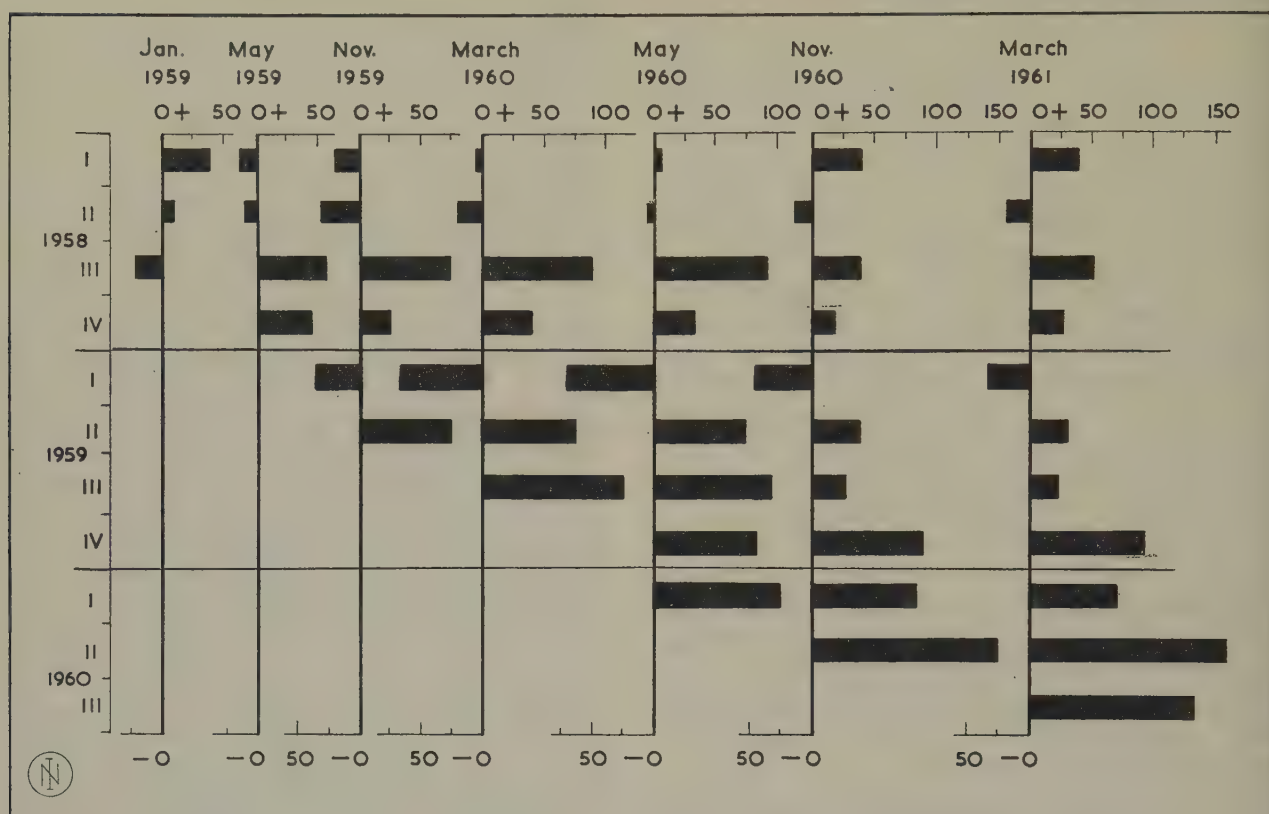
At the beginning of 1960, we thought there was enough capacity to meet the 3 to 4 per cent rise in demand which we expected during the year; but by March we were apprehensive about a labour shortage, and we doubted whether there was sufficient reserve of labour for a rise in employment of much more than 1 per cent.⁽²⁾ The national accounts subsequently showed that in the second quarter total real output (seasonally corrected) was 2 per cent higher than in the fourth quarter of 1959. In the end it was demand rather than capacity limitations which stopped expansion in the middle of 1960; and more people came into the labour force than we expected. Between the end of 1959 and the end of 1960 employment rose by a full 2 per cent. This left a small excess of numbers of unemployed over numbers of unfilled vacancies. Since under-employment developed in a number of industries in the second half of the year,

⁽²⁾We changed our view because the employment figures for 1959 were revised upwards substantially in February 1960. Using the unrevised figures for November 1959 we had calculated in January 1960 that employment could rise $1\frac{1}{2}$ per cent, if the same proportion of the population in each age group was drawn into employment as in 1957; 1957 was the year when the labour force had been at its previous peak. So when the end-1959 figure of employment was revised upwards by $\frac{1}{2}$ per cent it reduced our apparent reserve of labour.

⁽¹⁾See *National Institute Economic Review*, no. 9, May 1960, page 8.

Chart 7. Changes in the Economic Review's estimate of investment in stocks, 1959 and 1960^(a)

£ million, 1954 prices, seasonally adjusted



Source: Appendix, table 1.

(a) See footnote (1), below.

it is impossible to say whether or not our implicit estimate of the potential rise in productivity was right. We clearly underestimated the reserve of labour.

Investment in stocks.

At the beginning of 1959, it appeared from the available statistics that in 1958 a stock cycle had brought stock-building to about zero in the middle of the year. We therefore predicted a revival of investment in stocks in 1959. Present statistics, however, indicate that stocks were not built up substantially until the second half of the year. In 1960, on the other hand, we did not foresee the exceptionally big rise in stocks. It was probably due in part to unintended stock-building, when the growth of final demand levelled out.

But perhaps the main problem in forecasting investment in stocks has been the weakness of the statistics. Our view was frequently modified as past figures were revised; chart 7 shows how they changed in successive issues of the Review.⁽¹⁾ The estimate for the first quarter of 1958, for instance, fell by £60 million between the beginning and end of 1959 and then by the beginning of 1961 it was back to the

original figure again.⁽²⁾ A change of this order is equivalent to an error of nearly 2 per cent in the estimate of consumers' expenditure, or 7-8 per cent in the estimate of fixed investment. The 1958 estimates have been changed most; and the series have been improved since then. Even so, the changes are still appreciable; and even with better figures, investment in stocks will probably be a most uncertain item in forecasting. For total investment in stocks comprises intended and unintended changes throughout the economy; and in different parts of the economy market trends and stock-building policy may vary greatly and be quickly changed. For example, changes in stocks of cars, consumer durables, coal and copper have all been important constituents of the total

⁽¹⁾Until July 1959, the only official stock figures published were in current prices; and they were not seasonally adjusted until October 1960. We adjusted them ourselves until the official adjusted figures were available. The change from our seasonal adjustments to the official ones accounts for most of the alterations in the figures between July and November 1960 (chart 7). Otherwise, the alterations are due almost entirely to revisions to the official series.

⁽²⁾Part of the change back since the beginning of 1960 is accounted for by the change-over to official seasonal adjustments.

change in the past two years. Each has behaved differently.

Costs and prices

At the beginning of 1959 we predicted a rise during the year of 2 to 3 per cent in weekly wage rates and of less than 1 per cent in final prices. In fact, wage rates rose by only 1 per cent and final prices did not change between the fourth quarter 1958 and fourth quarter 1959. The unexpectedly sharp recovery at home and abroad led to a more rapid increase in productivity than we had foreseen. As recovery got under way, we predicted, rightly, that labour costs might fall and profit margins rise.⁽¹⁾

In 1960 the forecast of wage rates was complicated by the decreases in the standard week then being negotiated. We expected a rise in weekly wage earnings of 4 per cent or so, but in fact there was a rise of about 6 per cent.⁽²⁾ Moreover, because of the check to expansion, productivity, contrary to our expectations, did not rise between end-1959 and end-1960. Nevertheless, final prices rose no more than expected: by 1.7 per cent, compared with a forecast in January of '1 or 2 per cent'. It is difficult to explain why prices did not rise more: the figures for productivity and profits in the fourth quarter—or any other single quarter—are not very good. Profit margins appear to have been squeezed in the second half of the year; and import prices fell slightly. These developments had not been foreseen; but they do not fully explain what happened.

Imports

The consumption of imports has tended to rise faster than national output since 1954. We analysed this tendency in an early number of the Review.⁽³⁾ We then attempted to show the extent to which imports were being substituted for home produced goods, and we tried to establish some relationship between different categories of imports and various economic indicators—between food imports and food consumption, for instance, and between imports of raw materials and industrial production. We have used this analysis in forecasting imports, and in both 1959 and 1960 we expected imports to go up much faster than the estimated rise in national output. Even so, our estimates were too low in both years.

In January 1959, we expected a rise of about 5 per cent, year on year, in the volume of merchandise imports. We scarcely changed the forecast in May. The actual rise was 7 to 8 per cent. We recognised that imports would tend to be raised by the ending of de-stocking, the upward trend in imports of manufactures and the relaxation of dollar import controls. The error arose mainly because we underestimated the expansion in the general level of demand.

In January 1960 we foresaw a rise of 7 per cent in import volume, year on year—though the forecast was qualified by the view that 'a big burst of investment in stocks could always cause a larger rise'. When the upsurge in imports which began in the fourth quarter of 1959 continued into the early months of 1960, we revised our estimate upwards. In May 1960 we said that the volume of imports would probably be little more than 10 per cent higher than in 1959; we added that imports could not possibly continue to rise as fast as they had done in the six months up to March, and that any further increase between the first quarter and the end of the year would be small. The rise certainly slowed down, but not as much as we expected: the actual year to year volume change was 12 per cent.

Our May estimate of 1960 imports of food, tobacco and basic materials were all rather too high: it was imports of semi-manufactures and finished manufactures that were underestimated. We allowed for an 8 to 12 per cent increase in imports of semi-manufactures, but the rise was 25 per cent; and we expected a 20 to 30 per cent increase in imports of manufactures, which rose by 44 per cent.

The balance of payments

In 1959 our underestimate of imports was roughly matched by our underestimate of exports. Hence our estimate of the balance of payments was not far wrong. We foresaw that recovery was likely to be accompanied by a greater rise in imports than exports. In January we therefore expected the current account surplus, which had been exceptionally large in 1958, to fall back to £200-£300 million. We did not foresee any large change in invisibles. In May, when expansion was more certain, we put forward the figure of £200 million. The actual balance in 1959 was £139 million (old basis).⁽⁴⁾

In 1960, we failed to foresee the serious deterioration in the balance of payments. In both January and May we predicted a surplus of about the same

⁽¹⁾See conclusions to 'Price stability and the policy of deflation', *National Institute Economic Review*, no. 3, May 1959, page 29.

⁽²⁾The rise from October 1959 to October 1960; no quarterly figures for earnings are available.

⁽³⁾'Imports and expansion', *National Institute Economic Review*, no. 2, March 1959.

⁽⁴⁾Recent changes in methods of estimation have made big differences to the figures (see page 7). The surplus for 1959 is now estimated at only £51 million.

size as that of 1959—in January believing this to have been about £200 million, in May having before us the official estimate of just under £150 million. There was in fact a deficit on current account in 1960—probably of about £150 million on a comparable method of reckoning to that of 1959; changes in the methods prevent exact comparison. Our over-estimate of exports and under-estimate of imports explains £200 million or more of our error of £300 million. The remaining £100 million or so was mainly an error in the forecast of invisibles. Here we expected no change or an improvement. There was an unexpectedly big rise in government expenditure abroad (mainly on military account), and an apparent fall of about £30 million in the property income of British oil companies. We did not allow for the sharp weakening in oil product prices, and had expected oil earnings to improve.⁽¹⁾

Since the balance of payments is the difference between two magnitudes—receipts and payments—each of which is hard to estimate, the difficulties of forecasting are especially great. By the same token the forecast is entirely dependent on the forecasts of the volume and price of exports and imports and on the estimate of invisibles, and better forecasts can be said to depend on improvements in the predictions of these constituents.

There is, however, one common factor which influences one's view of a large number of items in the balance, on both sides of the account. That is the competitive position of British goods and services in relation to those of other countries.

In March 1959, when it was popularly held that sterling was strong and the dollar weak, we pointed out that an analysis of shares in the world market for manufactures and of trends in costs and prices showed that Britain's competitive position, as well as America's, had deteriorated in relation to that of our main competitors—Germany, France and Japan. Moreover at various times we analysed the rapid rise in Britain's imports of manufactures.⁽²⁾

Some decline in Britain's share of world markets, and a fairly rapid rise in imports of manufactures, would have been compatible with a tolerable balance of payments surplus. For this reason, we did not conclude that these trends heralded balance of payments difficulties ahead. In fact both trends proceeded more rapidly than we expected; and, with the benefit of hindsight, it is possible to say that in making our export and import forecasts for 1960,

we should perhaps have paid more attention to the various signs of competitive weakness.

Comparison with other forecasters

It is difficult to say at all precisely how much better or worse our forecasts were than those made by other people. The latter were generally produced at different dates from ours. They were often stated in vague, or heavily qualified, terms. Moreover, the different forecasts are not totally independent of one another: each forecaster follows the same official publications and inquiries, and notes what other forecasters are saying. He probably influences his rivals and is influenced by them. In this way, a common view tends to be established. The Review, since it appears fairly frequently and has attempted always to take a view of the future, was probably a significant influence.

Comparisons have been made with the Government view (as represented in the Economic Survey and the Budget Speech), with the view put forward in the London and Cambridge Bulletin, and with the forecasts made by a group of economists at the Oxford Institute of Statistics using an econometric model. We also examined forecasts made by various individual economists and by various periodicals. These forecasts, which were generally made at the beginning of the year with the object of predicting the economic outlook for the year and suggesting what sort of Budget was appropriate, were, however, found to be too imprecise for comparison to be useful.⁽³⁾

In 1959, the pre-Budget views put forward by the Government and the LCES were similar to that put forward in the Review. They are summarised in an appendix. The Government, wrongly, was more pessimistic about exports than the Review or the LCES, and, rightly, was more optimistic than the other two about fixed investment. The Government was perhaps more optimistic about consumers' expenditure. These, however, are small differences. In any event, the effect of the Budget vitiates comparison of the forecasts of consumption and investment with the out-turn. It is more significant that all three heavily underestimated exports.

After the Budget the LCES, in June 1959, published a detailed assessment of the outlook by Professor Tress, including a set of estimates of probable changes in demand between the fourth quarter of 1958 and

⁽¹⁾For an analysis of the fall in invisible earnings see 'The fall in Britain's invisible earnings', *National Institute Economic Review*, no. 12, November 1960.

⁽²⁾See in particular 'British imports of manufactured goods', *Economic Review*, no. 8, March 1960 and 'World trade in manufactures', *Economic Review*, no. 10, July 1960.

⁽³⁾Private forecasting of this kind was a more popular sport in 1959, when there was considerable slack in the economy and an expansionary policy could confidently be recommended, than in 1960, when the amount of slack was fast declining and it was hard to know whether to recommend a restrictive budget or no change.

the fourth quarter of 1959.⁽¹⁾ This was slightly more pessimistic than the post-Budget view given in the Review in May (table 1 above). In September the LCES revised its view upwards, noting the new evidence of an upward trend in exports and house building. The Review had revised its view upwards in July.

During 1960 the LCES did not analyse the trend of demand and its components in as much detail as in 1959. Instead it mainly discussed indicators of inflation—the degree of pressure on the labour market, the trend of wages and prices, and so on. There was an exception in June, when it published some estimates of the likely changes in demand during the year. But these estimates were intended only to reproduce the views expressed by the Government in the Economic Survey and Budget Speech.

The Government's view, given in the Economic Survey and Budget Speech, was that total demand would continue to rise in 1960, but that the rate of increase would probably be less than in 1959. The increase in consumption was expected to slow down and the rate of investment in stocks was not expected to go on rising as fast as in 1959—though it was expected to rise. On both these points they were nearer to the mark than the Review. Fixed investment was expected to accelerate and exports were expected to increase steadily. These views were similar to ours. Neither foresaw that exports would level out in 1960.

The Oxford model

In December 1958, the Oxford econometric model was used to produce forecasts for the first and second quarters of 1959. Although the period covered was shorter, the results were further from the mark than those produced by the Review, the Government or the London and Cambridge Bulletin: industrial production, the central item which the model predicts, was expected to fall substantially in the first half of 1959; in fact it rose.

The model consists of a series of equations each of which relates one economic quantity to two or three others. For example, wage rates are related to unemployment and to the price of consumption goods (and also to a 'political factor' in wage bargaining). There are thirty such equations, derived from past experience on the assumption that relationships which held true on average in the recent past will continue to hold true in future. In addition, there are seven equations expressing identities or technical definitions. The equations are solved after feeding in, as data,

values for a number of variables, each of which must be estimated independently of the model.

It is wrong to suppose that forecasting with a model of this sort is very different from less formal forecasting of the type we practise. The model codifies some relationships, but it still leaves a large number to judgement. The first source of error, therefore, is faulty judgement of the variables that have to be fed in (the 'exogenous variables').⁽²⁾ For the rest the equations may be wrong in three ways: they may represent the wrong theory, they may be too simple, or the relationships for the past may not be valid for the future.

Table 4, which is derived from a post-mortem of their forecasts recently published by two of the authors of the model,⁽³⁾ compares the original forecast with what actually happened in the first and second quarters of 1959. It also shows, with the benefit of hindsight, what the forecasts would have been if the values of the exogenous variables had been correctly estimated.

The forecasts of industrial production and exports were close to the mark in the first quarter but far too pessimistic in the second quarter. As a result of forecasting decreases where substantial increases occurred, the forecast *level* of industrial production for the second quarter was 6 per cent and that of exports 11 per cent too low. Since the forecasts related to a period only about six months ahead, these are large errors. Wage rates, wage earnings and consumer prices were all expected to fall in both quarters, whereas the only actual fall was the reduction in consumer prices in the second quarter (after the Budget). Unemployment was fairly accurately predicted for the first quarter but the decline in the second quarter was underestimated. The rise in consumers' expenditure on durable goods was underestimated, whilst the changes in consumers' expenditure on food, drink and tobacco and on other goods were predicted quite closely.

Part of the error can be attributed to the assumptions made about the exogenous variables, many of which were wrong. Thus it was assumed wrongly that a cut in direct and indirect taxes would be operative from the beginning of the year, that public authorities' current expenditure would decline and that profits would fall; and abroad, it was expected, wrongly, that the United States economy would

⁽²⁾Errors may also arise because all historical data are treated as if they were reliable. No allowance is made for the fact that the latest statistics are more likely to be revised than others.

⁽³⁾A. Hazlewood, P. Vandome, 'A Post Mortem on Econometric Forecasts for 1959', *Bulletin of the Oxford University Institute of Statistics*, vol. 25, no. 1, February 1961.

⁽¹⁾See Appendix page 29.

Table 4. Oxford Institute model : forecast and actual change and hindsight

Per cent change over previous quarter, not seasonally adjusted

	1959 I			1959 II				
	Forecast ^(a)		Actual Change	Forecast ^(a)			Actual Change	
	Original forecast	Hind- sight ^(b)		Original forecast	Hindsight ^(b)			
					A	B		
Industrial production	- 1.8	+ 1.0	- 1.5	- 2.1	- 1.4	- 0.1	+ 3.9	
Imports : volume	- 6.4	- 4.2	- 3.2	+ 0.7	- 1.4	- 0.5	+ 5.7	
Exports : volume	- 4.1	+ 6.7	- 4.1	- 4.2	+ 8.9	- 2.1	+ 7.0	
Unemployment	+ 8.8	- 2.4	+ 12.5	- 1.0	- 7.7	- 22.4	- 20.0	
Price index of total consumption	- 3.5	- 1.7	+ 0.9	- 1.0	+ 0.8	+ 1.2	- 1.0	
Index of weekly wage rates	- 2.7	- 2.7	+ 0.6	- 2.2	+ 1.3	- 0.1	+ 0.2	
Average weekly wage earnings	- 1.9	- 1.5	+ 1.2	- 2.9	+ 1.3	—	+ 1.2	
Consumption of durable goods	- 10.0	- 29.9	- 14.4	+ 4.9	- 15.3	+ 3.5	+ 21.3	
Consumption of other goods	- 8.6	- 16.7	- 10.7	+ 6.9	- 0.4	+ 6.5	+ 3.8	
Consumption of food, drink and tobacco ..	- 11.4	- 15.5	- 13.5	+ 5.6	+ 2.0	+ 4.2	+ 8.4	

Source : *Bulletin of the Institute of Statistics*, February 1961. (The forecasts were first published in the *Bulletin*, February 1959.)

(a) Forecasts obtained with an adjusted value of wage and salary income (see footnote to table II in the *Bulletin*, February 1961). The forecasts were originally expressed as index numbers based on the year 1948. For the sake of comparability with other tables the figures for the first quarter of 1959 are expressed as a percentage change over the figures for 1958 IV which are now available. The original forecast for 1959 II is expressed as a percentage of the original forecast for 1959 I, column A as a percentage change over the actual value for 1959 I and column B as a percentage change over the value for 1959 I as forecast with hindsight by the model.

(b) Assuming correct values of the exogenous variables.

A Assuming actual values for 1959 I.

B Assuming values for 1959 I as forecast with hindsight by the model.

recover only slowly and that activity in Europe would fall sharply.

But even when, with the benefit of hindsight, the right assumptions are fed in, the results, while different, are no better. For unemployment and the three items of consumers' expenditure the results are mostly worse. For the other items, they are sometimes worse, sometimes better. When the hindsight results (that is, in many instances the wrong figures) for the first quarter are used in producing a forecast for the second, the results (column B) for a number of items are better than those produced if the true values for the first quarter are fed in (column A).

It is clear that the equations do not make a very good model of reality. Some of the defects are fairly obvious : no allowance was made for the fact that in the post-war world wages rise but never fall ; changes in hire purchase terms were totally ignored ; and so on.

In sum, those using the model, as was to be expected, ran into many of the same troubles as the rest of us. The model could do nothing to foretell what was going to happen to the variables which caused us most trouble in 1959 and 1960—conditions in export markets or the effect of changes in hire purchase terms. Added to that, they appear to have fared worse because of the rigid and restricted framework of their model. The trouble with attempting to produce a

complete system of equations is that reality has to be too heavily sacrificed for the sake of simplicity.

Conclusion

Our forecasts compare quite favourably with those made by others. But none was very good. There is reason to hope that forecasting may improve somewhat as more experience is gained in using some of the recently-introduced statistics—for example, the statistics of investment intentions, the statistics of new orders and the FBI inquiry. It may also be useful to experiment with inquiries on the American pattern into consumers' intentions to purchase durable goods. Otherwise, the main scope for improving forecasting lies in the study of particular areas that give rise to most difficulty at the moment. In particular, there is the problem of seeing whether exports can be better predicted by any method. Second, it should be possible in the light of recent experience to improve the estimates of the effects of hire purchase transactions. Third, there is a need to improve the analysis of factors that determine changes of money incomes, prices and real incomes. If these points are better understood, that will contribute to better forecasting by everyone, whether they use informal methods or econometric models. It is planned next to undertake some studies in these directions.

APPENDIX

Problems of assessing the forecasts

The assessment of the forecasts gave rise to various difficulties. It was often difficult to translate the forecasts into figures in order to make comparisons with the statistics of what actually happened. In the January and May Reviews, it was usually possible to refer to figures given at the time in the Review or in working sheets. These are generally the basis of tables 1, 2, and 3. In other issues the direction in which the forecasts had been changed since the previous issue was comparatively easy to assess, but the size of the predicted change, and the period referred to, were often rather vague. Charts 1 and 5 were generally based on forecasts of this type.

The statistics of recent trends are commonly revised. This may happen repeatedly over a period of years as better data come into the hands of the official statisticians. Most figures always remain subject to a margin of error. Hence the apparent error in a forecast may have been the result of having a wrong picture of the base period; and it may also be the result of having now a false picture of the out-turn. To meet the first problem, comparisons in the tables have been made between the percentage change expected in an item in relation to the base figure available at the time of the forecast, and the actual change expressed as a percentage of the revised figure for the base period. This technique may not always be perfectly fair, because, in some instances at least, we would have given a different forecast if we had known the base figure to be different. The forecasts of investment in stocks are an example (page 22).

The difference between event and forecast was partly due to Government measures introduced during the interval. The Review always assesses what will happen if policy remains unchanged, usually adding some remarks on the implications for Government policy. This is the only way to assess the trend of events and what policy should be—or is likely to be.

We explored the possibility of using a statistical technique to sum up how often our forecasts were right and how often wrong, and how often we tended to under or overestimate changes on the occasions when we did make our forecasts in quantitative terms.⁽¹⁾ No technique was found satisfactory. There were two main reasons. First, forecasts of some items—for example, exports, fixed investment or wages—influence forecasts of others. Hence the errors are of varying significance, some being consequential, others original. Second, the forecasts

were stated in varying detail. For example, some items of demand were subdivided into many parts, others not; and the degree of detail varied from issue to issue. Hence there was no clear way to decide how many forecasts to count, or again, what weight to give them.

Board of Trade Inquiry into investment intentions

The general methods used by the Board of Trade are set out in the *Board of Trade Journal* published during the months shown in table 3. However, there are special difficulties in comparing the estimates made from companies' returns with the actual out-turn. First, the estimates are not forecasts. The Board of Trade has emphasised that they are statements of businessmen's intentions and that they are bound to be revised: the statements made in September regarding intentions for the calendar year to come are necessarily based on incomplete information.

Second, there are difficulties in relating the statements of intentions to statistics for a base period. When the estimates for, say, 1960, were compiled in the summer of 1959, there were no actual figures for 1959 to which to link them (the statistics appear with a four-month publication lag). Some forecast for 1959 had to be used instead. There was then a choice of figures from three previous inquiries: one had been made in summer 1958, another in the winter 1959 and a third simultaneously with the inquiry for 1960. The third probably gave the most accurate estimate of actual spending in 1959. However, experience in 1955 and 1956 showed that companies' statements of intentions had been inaccurate compared with what they actually spent when the time came. Further, the degree of inaccuracy seemed to be about the same each year in forecasts made for say eighteen months ahead; but the error was generally less as the period forecast shortened to twelve or six months. The Board of Trade therefore argued that comparing one year's forecast with the forecast for the previous year made *at the same time of the year* would give the result nearest to a comparison of actual spending in the two years. For example, the forecast for 1960 made in the summer of 1959 was related to the forecast for 1959 made in the summer of 1958.⁽²⁾ The majority of the percentage changes shown in table 3 were calculated on this basis. When, however, there was a major change of plans—such as that between the

⁽¹⁾See, for example, H. Theil, 'Who Forecasts Best?', *International Economic Papers*, no. 5, 1955, and H. Theil, *Economic Forecasts and Policy* (North-Holland Publishing Company, 1958), chapter II.

⁽²⁾The forecasts for 1956 and 1957 were not calculated on exactly the same basis. For example, the forecasts for 1956 made in the summer of 1955 was related to the revised estimate for 1955 made at the same time and not to the forecast for 1955 made in the summer of 1954.

summer of 1959 and the winter of 1960—it was not possible to relate the forecast made in the summer of 1960 for 1961 directly to the corresponding one made a year earlier; it was therefore compared with the latest available forecast for 1960.

Third, it was not always possible to judge what allowance companies on average had made for rises in prices. It was therefore assumed that forecasts of expenditure were made in terms of current prices.

The price of investment goods did not rise significantly between the end of 1957 and the middle of 1960. But they had risen by 5 per cent between the summer 1956 and the summer 1957 inquiries. Since, however, the forecasts for 1956 and 1957 were not made in the usual way, the problem of deflation does not arise.⁽¹⁾

⁽¹⁾See footnote ⁽²⁾ on page 27.

Other forecasters

Table 5. Government forecasts of changes in demand : 1959

	1958 to 1959	
	Economic Survey	Chancellor's Budget speech
Consumers' expenditure	'... a moderate rise in consumers' demand can reasonably be expected ...'	'... though consumption expenditure should continue at a high level, I would not expect it to go on increasing at the same rate as it has been over the past six months throughout the rest of the year.'
Public authorities' expenditure	'... some increase this year ...'	
Gross fixed investment	'There will be a marked increase in public sector investment.' 'Private investment is unlikely to be lower in 1959 than in 1958.'	'I forecast a strong rising trend over the coming year [in public fixed investment].' '... I expect a small rise in the total of private [fixed] investment ...'
Investment in stocks	'The rate of investment in stocks can never be forecast with assurance.'	'... I should not be surprised to see a further increase in the volume of stocks in the year to come.'
Exports of goods and services	'It would be prudent to expect some further fall in the early part of the year but this trend should be reversed in the course of it and exports should be rising towards the end of the year.'	'... exports will continue to run at about the present level for a few months to come and then ... they should increase somewhat.'
Total demand	'... higher in the year 1959 than in the year 1958 ...'	'... the trend of total production of goods and services is likely to be upwards in the coming months. ... But this rise is not likely to be at all rapid—indeed, if nothing more were done, it might slow down in the second half of the year ...'

Table 6. Government forecasts of changes in demand : 1960

	1959 to 1960	
	Economic Survey	Chancellor's Budget speech
Consumers' expenditure	'... rise rather less in 1960 than in 1959.'	'I do not expect the rate of increase in consumer demand from now onward to be as rapid as it was during 1959, though for the year as a whole the growth over last year might well be of the order of, say, 4 per cent.'
Public authorities' expenditure	'... rise ... between 1959 and 1960 is likely to be about 4½ per cent.'	'... the rise between the two calendar years looks like being about 4½ per cent.'
Gross fixed investment	'... total fixed investment demand will rise at least as fast in 1960 as it did in 1959.'	Public investment '... in the coming financial year will be about 6 per cent above that for last year ... the pace of the increase from now on should be rather less than that figure.' 'In total, I expect an increase of at least 10 per cent in private investment demand between 1959 and the present year.'
Investment in stocks	'... unlikely that the rate of accumulation will rise as fast this year as last year ...'	'... a continued building up of stocks ... but it does not seem likely that the rate of build-up will go on increasing as fast as it did during last year.'
Exports of goods and services	'... the demand for exports should continue to rise.'	'... ought to be able to sell a steadily increasing volume of exports ...'
Total demand		'... there cannot be much doubt that demand in total will continue to increase. The rate of increase will probably be less than in 1959, ... On the other hand, we no longer have the reserves of labour and capacity on which we could count a year ago.'

Source : *Economic Survey* and *Weekly Hansard*, no. 485, 4 April 1960, cols 40 to 44.Table 7. LCES. Post-Budget forecast for 1959 (Professor Tress)^(a)

1954 prices, quarterly rates

	Level in 1958 IV	Change 1958 IV to 1959 IV				
		£ million			Per cent	
		Forecast	Actual	Difference	Forecast	Actual
Consumers' expenditure	3,409	+ 85	+142	- 57	+2½	+ 4
Public authorities' current spending	732	—	+ 23	- 23	—	+ 3
Gross fixed investment	752	+ 30	+ 76	- 46	+4	+10
Exports of goods and services	1,077	—	+ 76	- 76	—	+ 7
Total demand excluding investment in stocks .. .	5,970	+115	+317	-202	+2	+ 5½
Investment in stocks	37	+ 35	+ 61	- 21		
Total final demand	6,007	+150	+378	-223	+2½	+ 6½

Source : *London and Cambridge Economic Bulletin* June 1959, p. iii.

(a) The forecasts which were made in 1958 prices have been adjusted to 1954 prices and related to the latest estimates for 1958 IV.

AID TO UNDERDEVELOPED COUNTRIES⁽¹⁾

Introduction and summary

Aid from industrial countries (that is, grants and long-term public and private investment⁽²⁾) now makes a significant contribution to the economies of underdeveloped countries. From 1956 to 1959, these countries received, on average, \$6½ billion a year. This yearly inflow was equal to about a third of their income from merchandise exports to the rest of the world, or something approaching two-thirds of their total stock of gold and foreign exchange reserves; it is very much bigger than it was in the post-war years up to 1952—when it was probably not more than \$2 billion a year.

This aid is not all Government aid by any means: private capital provided 38 per cent of the total from 1956 to 1959. Government grants provided about the same amount; the rest consisted of Government and IBRD loans.

The whole pattern of international flows of long-term capital and aid has changed since the early post-war years. First, the United States Government is giving away—in grants and loans—much less than it was then; but United States private industry is now investing abroad on a far larger scale in all areas. Previously, most of United States aid went to Europe; now most of it goes to the underdeveloped countries—and the amount of American aid these countries receive has risen rapidly. The IBRD has also changed the pattern of its lending in the same way—from Europe to underdeveloped areas. Western Europe has now become a substantial lender. Finally, the USSR has begun to lend abroad outside the bloc of communist countries; and although Russian loans are only a very small part of the total of aid (about 2 per cent in 1956–1959) they are important as a stimulus to other countries.

The distribution of aid has been very uneven. Countries with oil reserves have done particularly well for private investment, and countries subject to severe communist pressure have received relatively

large amounts of Government aid. In 1957–1959, for instance, Government aid per head was about twenty times as high in South Korea as in India.

It is of some interest to compare the current inflow of aid—of \$6½ billion a year—with the amount which a group of experts reporting to the United Nations estimated as necessary in 1951.⁽³⁾ They said 'a 2 per cent increase in the per capita national incomes cannot be brought about without an annual capital import well in excess of \$10 billion.' At present-day prices this figure would be \$12–\$13 billion.

The early post-war period

The analysis of this period (1946–1952) is not quite on the same footing as that for the later period.⁽⁴⁾ But the main characteristics are clear (table 1). The United States was the source of almost all net Government aid; it provided \$28½ billion directly, and it also furnished the international organisations with nearly three-quarters of their funds. Western Europe received most of this aid—\$23 billion directly from the United States, and \$1½ billion from international organisations. Britain was easily the biggest single recipient.

The primary producing countries received only about \$3 billion (net) in direct aid from the United States: most of this went to China, Korea and the Philippines. In addition, they obtained smaller sums from international organisations—these were mainly UNRRA grants to China—and a little net aid from Europe. For, while Western Europe paid out in all some \$5½ billion of aid to primary producing countries, it received \$4 billion from them. A good deal of this inflow was to Britain; there were substantial payments by Australia and New Zealand—partly as gifts and partly in redemption of public debt; there were purchases of annuities, mainly for

This note was prepared by R. L. Major of the National Institute.

⁽¹⁾The material in this note was derived mainly from *International Economic Assistance to the Less Developed Countries*, United Nations, and *The Flow of Financial Resources to Countries in Course of Economic Development 1956–1959*, OEEC, 1961.

⁽²⁾Aid here includes reparation payments and assistance from the International Bank for Reconstruction and Development (that is, net borrowing less gold subscriptions and the utilised part of currency subscriptions). It excludes transactions with the International Monetary Fund, military aid and private export credits.

⁽³⁾*Measures for the Economic Development of Underdeveloped Countries*; Department of Economic and Social Affairs, United Nations, (New York 1951), page 79.

⁽⁴⁾The figures for 1946–1952 are IMF figures for the flow of public funds, and cover flows from transactions to which either party was a Government or an international organisation. The figures for 1956–1959, given later in this note, are OEEC figures, and they include in Government aid only those transactions for which the Government of the industrial country was responsible. Secondly, the category of 'primary producing countries' used for 1946–1952 is in some ways different from the category 'underdeveloped countries' used for 1956–1959. Primary producing countries include, and underdeveloped countries exclude, Australia, Iceland, the Irish Republic, New Zealand, and the Union of South Africa. Conversely, underdeveloped countries include, and primary producing countries exclude, Greece, Spain, Turkey and Yugoslavia.

Table 1. The pattern of Government aid, 1946-1952^(a)

\$ billion

	USA and Canada	Western Europe	Primary producers ^(b)	Japan and Eastern Europe	Inter- national organisa- tions	All areas
USA						
Paid to	1.9	25.5	4.3	2.7	4.1	38.5
Received from	1.7	2.7	1.3	0.4	—	6.1
Net	— 0.2	— 22.8	— 3.0	— 2.3	— 4.1	— 32.4
Canada						
Paid to	1.7	1.8	0.1	—	0.2	3.8
Received from	1.9	0.7	—	—	—	2.6
Net	+ 0.2	— 1.1	— 0.1	—	— 0.2	— 1.2
Western Europe						
Paid to	3.4	7.5	5.6	1.0	0.8	18.3
Received from	27.3	7.5	4.0	0.2	2.2	41.2
Net	+ 23.9	—	— 1.6	— 0.8	+ 1.4	+ 22.9
<i>of which</i>						
UK	+ 7.2	— 0.9	+ 0.7	— 0.1	— 0.5	+ 6.4
France	+ 5.2	+ 0.3	— 1.7	—	+ 0.2	+ 4.0
West Germany	+ 3.6	+ 0.1	—	—	—	+ 3.7
Other	+ 7.9	+ 0.5	— 0.6	— 0.7	+ 1.7	+ 8.8
Primary producers^(b)						
Paid to	1.3	4.0	0.3	—	0.4	6.0
Received from	4.4	5.6	0.3	—	1.6	11.9
Net	+ 3.1	+ 1.6	—	—	+ 1.2	+ 5.9
<i>of which</i>						
Latin America	+ 0.1	— 1.3	—	—	+ 0.1	— 1.1
European dependencies	+ 0.1	+ 3.4	—	—	—	+ 3.5
Independent sterling area ^(b)	+ 0.2	— 0.3	—	—	+ 0.1	—
Other	+ 2.7	— 0.2	—	—	+ 1.0	+ 3.5
Japan and Eastern Europe						
Paid to	0.4	0.2	—	—	—	0.6
Received from	2.7	1.0	—	—	1.0	4.7
Net	+ 2.3	+ 0.8	—	—	+ 1.0	+ 4.1
International organisations						
Paid to	—	2.2	1.6	1.0	—	4.8
Received from	4.3	0.8	0.4	—	—	5.5
Net	+ 4.3	— 1.4	— 1.2	— 1.0	—	+ 0.7

Source: IMF Staff Papers on *International Movements of Public Long-Term Capital and Grants*, by Mervyn L. Weiner and Romeo Dalla-Chiesa (covering 1946-50) and Jean Barnérias (covering 1951-52).

(a) Transactions to which one party at least was a Government or international organisation.

(b) Excludes Iceland and Irish Republic.

official pensions, by India and Pakistan; and there were the payments from Argentina for her railways. The net total of public aid to primary producing countries in this period was about \$6 billion.

These countries in fact received rather more assistance from private investment than from public aid in the years up till 1952: private investment was probably of the order of \$9 billion. Some \$4-\$5 billion of this came from the United States, and was invested mainly in Latin America, and something of the order of \$3 billion from the United Kingdom, which was mainly invested in the overseas sterling area. But an appreciable part of this must have gone to South Africa and Australia—which, although primary producing countries, are not strictly classed as underdeveloped. Finally, something like \$2 billion probably came from other Western European nations. France was the chief source of this. Belgium, despite large liquidations in the immediate post-war period, and the Netherlands, were probably net exporters also if reinvestment of profits is included.

Table 2. Flows of official aid and direct investment from the United States

\$ billion, yearly averages				
	1946-52	1953-55	1956-59	1960
US Government grants and loans (net)				
Western Europe ..	3.12	0.79	0.21	0.17
Primary producing countries ^(a) ..	0.88	0.92	1.61	1.87
of which				
Latin America ..	0.08	0.18	0.31	0.22
Other ^(a) ..	0.80	0.74	1.30	1.65
International organisations ^(b) ..	0.85	0.08	0.43	0.18
Total ..	4.85	1.79	2.25	2.22
US private investment (net)				
Canada ..	0.42	0.62	1.28	..
Western Europe ..	0.21	0.22	0.73	..
Primary producing countries ^(a) ..	0.65	0.75	1.61	..
of which				
Latin America ..	0.39	0.38	0.91	..
Other ^(a) ..	0.26	0.37	0.70	..
International organisations ^(b) ..	0.07	0.04	0.17	..
Total ..	1.35	1.62	3.79	..

Source: Survey of Current Business and Balance of Payments Statistical Supplement, US Department of Commerce, and The International Flow of Private Capital, 1946-52, United Nations.

(a) Here including Japan and Eastern Europe.

(b) Including transactions with International Monetary Fund.

1956-1959: donor countries

Since 1946-1952 the pattern of aid has changed considerably: and the main change has been in the direction of United States Government aid (table 2). With the end of the Marshall Plan, it dropped sharply in 1953-1955. Then it increased again: and virtually the whole of the increase went to primary producing countries. United States private investment has been rising throughout this period, almost as fast to primary producing countries as to the rest. So altogether their receipts of aid from the United States have more than doubled since the early post-war years.

About two-thirds of American aid to underdeveloped countries is Government aid, and one-third is private investment (including reinvested profits) (table 3). The bulk of Government aid in 1956-1959 went to Asian countries and not much to Latin America. But Latin America has received a large part of United States private investment. A good deal of this has been oil industry investment—particularly in Venezuela, which took about a third of the total for Latin America in this period.

Aid from America, however, is now only about half the total of aid to underdeveloped countries; others—in particular Western European countries—have come into the field (table 3). Whereas most of the United States contribution was in the form of Government loans or grants, private investment made up two-thirds of Britain's contribution to underdeveloped countries in this period. A good deal of this must have been oil investment, going mainly to the Middle East. Well over half Government aid went to the colonies, and most of the rest to India.

France's contribution went almost entirely to her own overseas countries. The figure of \$4½ billion for French aid is not entirely comparable with that for other countries; it includes the net cost of administering her overseas territories—that is, the cost over and above the receipts from local taxation. This net cost may have been of the order of \$1 billion a year in this period.⁽¹⁾

The German contribution was divided fairly equally between Government grants (mainly reparation payments to Israel), Government loans and private direct investment. Government aid was on a rising trend, and 1959 accounted for nearly half the total for the four years. Most of these official grants and loans were made on condition that they were spent on German goods. German private investment

⁽¹⁾ Gilbert Mathieu, article in *Le Monde*, 26-27 February 1961.

Table 3. The flow of public and private aid to underdeveloped countries, 1956-1959

A. General picture, 1956-1959 totals

\$ billion

From :	\$bn.	Per cent of national income ^(a)	To :	\$bn.
United States	13½	0.9	Latin America	6½
Canada	½	0.4	Western Europe	2
United Kingdom	2½	1.3	Africa and Middle East	8½
France	4½	2.7	India	2
West Germany	1	0.6	Formosa, South Korea and Indo-China	3½
Other Western Europe	2	0.7	Other Asia and Pacific	2½
Japan	½	0.7	Other	1
Sino-Soviet bloc	½	..		
IBRD	1	..		
Total	26			26

B. Donor countries, year by year analysis

	1956	1957	1958	1959	1956-1959 Total
All sources					
Private investment	2.5	3.0	2.3	1.9	9.8
Government grants	2.0	2.3	2.7	2.5	9.5
Government loans	1.1	1.2	1.6	1.9	5.8
IBRD	0.1	0.2	0.3	0.2	0.9
United States					
Total	3.2	3.8	3.3	3.0	13.3
Private investment	1.3	1.8	0.9	0.7	4.7
of which					
Latin America	0.9	1.6	0.5	0.7	3.6
Government grants	1.3	1.3	1.3	1.4	5.3
Government loans	0.6	0.7	1.1	0.9	3.3
Total Government	1.9	2.0	2.4	2.3	8.6
of which ^(b)					
Latin America	0.2	0.3	0.5	0.3	1.3
Western Europe	0.4	0.4	0.3	0.3	1.4
Africa and Middle East	0.2	0.2	0.3	0.4	1.2
India	0.1	0.2	0.2	0.3	0.9
Formosa, S. Korea and Indo-China	0.7	0.8	0.7	0.5	2.7
Other Asia and Pacific	0.3	0.2	0.2	0.3	1.1
France					
Total	1.0	1.2	1.2	1.2	4.6
Private investment	0.4	0.4	0.4	0.4	1.5
Government grants	0.4	0.6	0.8	0.7	2.5
Government loans	0.2	0.2	0.1	0.1	0.6
Britain					
Total	0.5	0.6	0.8	0.7	2.6
Private investment	0.4	0.5	0.5	0.4	1.8
Government grants	0.1	0.1	0.1	0.1	0.6
Government loans	—	—	0.1	0.1	0.3
West Germany					
Total	0.2	0.2	0.3	0.4	1.0
Private investment	—	0.1	0.1	0.1	0.3
Government grants	0.1	0.1	0.1	0.1	0.3
Government loans	—	—	0.1	0.2	0.4
Other countries					
Total	0.7	0.8	1.0	1.1	3.6
Private investment	0.5	0.3	0.4	0.4	1.6
Government grants	0.1	0.2	0.3	0.2	0.8
Government loans	0.2	0.2	0.3	0.5	1.2

Source: *The Flow of Financial Resources to Countries in Course of Economic Development 1956-1959*, OEEC, and estimates based on a number of sources, especially *Survey of Current Business*, United Kingdom command papers Cmnd. 974 and 1329, and IMF yearbooks.

(a) Gross national product less capital consumption.

(b) Partly estimated.

in underdeveloped countries was as big as in Western Europe; it was mainly in Latin America, especially Brazil.

The remaining outflow from Western Europe in recent years has consisted mainly of private investment by the Netherlands, Belgium and Portugal, much of it in their own overseas territories, and of Italian Government loans to Argentina, Egypt and Turkey and reparation payments to Yugoslavia and Ethiopia. Reparation payments and the waiving of commercial claims against Indonesia have been the chief element in the Japanese contribution. Canadian Government aid has gone mainly to South and South-East Asia under the Colombo Plan and Canadian private investment to other countries in the Western Hemisphere.

Russian economic and technical assistance made available from 1955 to 1960 appears to have amounted to about \$2½ billion at the old official rate of exchange. India, the United Arab Republic and Indonesia are the chief beneficiaries and account for about two-thirds of the total.⁽¹⁾ But well over half the total offers were made in the last two years and drawings up to the end of 1959 were relatively small.

The British and French figures of aid to underdeveloped countries, as a percentage of national income, were in fact higher than the United States figure in 1956-1959. This comparison probably needs some qualification, since a relatively high proportion of British aid consists of oil companies' investment abroad, and since the French figure includes administrative expenditure in overseas territories. The German figure of aid has been rising fast, and is now certainly a higher proportion of national income than it was in 1956-1959.

1956-1959 : the distribution of aid

Two main factors explain a good deal of the pattern of the distribution of aid. Oil producing countries have received a very big share of private investment; and countries subject to communist pressure a very big share of public aid.

The United Nations estimates, for example, that countries exporting mainly petroleum received more than a third of the international flow of private capital to underdeveloped countries in 1956-58. This proportion was probably abnormally large in this particular period, as the big sales of new oil concessions by Venezuela fell within it. Even so, it is clear that a disproportionate share has gone to Latin America and the Middle East. The concentration of

Table 4. Public and private aid to underdeveloped countries, in relation to population

Percentages of totals for all underdeveloped countries

	Population	Receipts from	
		Public funds	Public and private funds
Latin America	14	12	25
Western Europe	6	11	7
Africa and Middle East ..	21	33	34
India	32	12	8
Formosa, South Korea and Indo-China	4	19	13
Other Asia and Pacific ..	23	12	10
All underdeveloped countries ^(a)	100	100	100

Source: Population figures are based on *International Economic Assistance to the Less Developed Countries*; United Nations (New York 1961), and *OECD General Statistics*. Figures of receipts are rough estimates derived from the same sources as table 3.

(a) Including areas not separately shown.

Table 5. Selected underdeveloped countries : public aid receipts in relation to national income

National income per head	Country	Receipts per head (annual average in dollars)	
		Mid-1953 to mid-1956	Mid-1957 to mid-1959
Under \$100	Jordan	9.40	36.30
	South Korea	13.32	14.13
	Pakistan	1.26	1.91
	Burma	0.30	1.59
	Thailand	0.72	1.55
	Indonesia	0.14	1.24
	India	0.24	0.74
	Ethiopia	0.18	0.43
\$100 to \$200	Libya	17.00	31.64
	Formosa	9.62	9.14
	Syria	0.20	0.21
	Dominican Republic	0.15	0.11
Over \$200	Israel	25.00	24.61
	Lebanon	3.40	14.60
	Costa Rica	3.60	11.20

Source: *International Economic Assistance to the Less Developed Countries*, United Nations (New York 1961).

⁽¹⁾G. Skorov, 'L'Aide Economique et Technique de l'U.R.S.S. aux Pays Sous-développés', *Tiers Monde*, October-December, 1960.

French private investment in the franc area probably means that North Africa has also fared relatively well. But little private capital has gone to countries in Southern Asia and the Pacific area.

With some exceptions, of which the arrangements for assistance to India have been the most conspicuous, aid from public funds has not, hitherto, been internationally co-ordinated. The contribution of the international organisations has been relatively small. Bilateral aid has, moreover, been undertaken for a variety of motives, political and strategic as well as economic and humanitarian. It is not surprising, therefore, that the distribution of public aid has been uneven (table 4). It has not done much to correct the disproportions which private investment has created; and there has certainly been no tendency for the poorer countries to receive more aid than the richer (table 5). Taking public and private funds together, Formosa, South Korea and Indo-China did comparatively well in this period, and

India and other Asian and Pacific countries received relatively little.

Recent trends

Receipts by underdeveloped countries declined a little in 1958 and 1959 from the peak reached in 1957 (table 3). This, however, is due to the exceptional level of United States private investment in that year, particularly in Venezuela. Apart from these items, net assistance increased in 1958 and held fairly steady in 1959.

In 1960 a slight rise may have occurred. Private investment was probably rather lower both from the United States and from the United Kingdom. But Government assistance, at least from the United Kingdom, seems to have increased and some of the smaller private contributions from other countries (notably Italy and Japan) rose relatively steeply. Net borrowing from IBRD was little changed.

Erratum

Economic Review, no. 14, March 1961. 'The burden of taxation: an international comparison', page 60, left hand column, third line.

The statement that in Sweden the incomes of married people are assessed separately is misleading. The rates of income tax payable are in fact computed on the sum of their taxable incomes. The assessment is separate only in a legal sense, in that if both spouses have incomes each makes a separate return and each is liable for his or her share of the total income tax payable.

BRITISH IMPORTS OF MANUFACTURES

In recent years, a steadily increasing proportion of the import bill has been made up by goods which compete more or less directly with the output of British manufacturing industry. Table 1 gives an indication of the growing significance of these imports. They are divided into two major groups. The first includes manufactures for further industrial processing, including chemicals, iron and steel, paper and board and partly-finished textile manufactures. Non-ferrous metals have been excluded, because the proportion of consumption satisfied by British industry is relatively limited. The second group consists of imports of finished manufactures, including engineering products, vehicles, clothing and many miscellaneous manufactures.

Taken together, these two groups accounted seven years ago for one-sixth of total imports, whereas they now account for more than a quarter. The rise was especially big in finished manufactures, whose share in total imports has more than doubled since 1954. The rise was most dramatic between 1957 and 1960, when imports of manufactures were responsible for £428 million of the increase in all imports, which amounted to £512 million. First quarter 1961 figures are given in table 1 at annual rates, but as movements during one quarter might be misleading no comment has been made on them.

The rise from 1957 to 1960 in the value of imports of manufactures which compete directly with United Kingdom output was 58 per cent (table 2); over the same period, United Kingdom output of manufactures rose by 13½ per cent. Two main explanations of this disparity seem possible. One is that

This note was prepared by G. F. Ray of the National Institute.

Table 2. The rise in imports, 1957 to 1960

	Change £ million	Change Per cent	Per cent share of the increase of total imports
Total, all imports	+512	+13	100
Basic materials	— 87	— 8	—17
Non-ferrous metals	+ 86	+45	17
Food, fuel, etc.	+ 85	+ 4	17
Manufactures competing with UK output	+428	+58	83
of which			
Semi-manufactures ^(a)	+170	+37	33
Finished manufactures	+258	+91	50

Source : *Monthly Digest of Statistics, Trade and Navigation Accounts.*

(a) Other than non-ferrous metals.

the sharp rise was the result of the import liberalisation introduced in 1958-59. The other is that the disparity was the result of some more fundamental inability of British manufacturers to compete effectively with imports in the home market. This failure might be the result of earlier removals of import restrictions, of failures to meet changes of tastes, of uncompetitive prices, or of insufficient capacity. It could also have happened as a result of the diversion of home production into a rapid increase in exports, but since exports of manufactures rose by only 5 per cent over this period, it is reasonable to consider that the increase of imports, insofar as it was not the result of import liberalisation, can be attributed in a broad sense to a failure of 'competitiveness'.

Table 1. The rise in imports

£ million, at current prices

	1954	1957	1958	1959	1960	1961 I ^(a)
Total imports	3,359	4,047	3,748	3,983	4,559	4,624
of which						
Semi-manufactures other than non-ferrous metals ^(b)	338	457	420	454	627	640
Per cent of total	10.06	11.29	11.20	11.39	13.75	13.84
Finished manufactures ^(c)	174	284	318	392	542	578
Per cent of total	5.18	7.02	8.48	9.84	11.88	12.50

Source : *Monthly Digest of Statistics, Trade and Navigation Accounts.*

(a) At annual rates. (b) Divisions D/1-12 of the Import List. (c) Divisions D/14-23.

Import liberalisation

The liberalisation of imports in 1958-59 mainly affected goods from dollar sources, by ending discrimination against the dollar. To a lesser extent, it affected articles which had been restricted from all sources, such as motor cars and canned salmon. The changes in imports of manufactured goods which were liberalised in 1958-59 and of those which were not liberalised are summarised in table 3.

Table 3. The effects of liberalisation on imports of manufactured goods

	Imports in 1958	Increase 1958-60	
	£ million	£ million	Per cent
Liberalised imports			
Semi-manufactures ^(a)	71	+ 62	+ 87
Finished manufactures	79	+ 96	+122
Total	150	+158	+106
Imports not affected by liberalisation			
Semi-manufactures ^(a)	349	+145	+ 42
Finished manufactures	239	+128	+ 54
Total	588	+273	+ 46
Total imports of manufactured goods			
Semi-manufactures ^(a)	420	+207	+ 49
Finished manufactures	318	+224	+ 71
Total	738	+431	+ 58

Source : Board of Trade Journal, 28 April 1961, Trade and Navigation Accounts.

(a) Excludes non-ferrous metals.

According to the data compiled by the Board of Trade the total rise in manufactured imports, excluding non-ferrous metals, between 1958 and 1960 was £431 million. The increase in imports of goods from sources which had been restricted until 1958-59 amounted to £158 million only. The increase in imports of goods from sources where no import controls applied in 1958 was therefore £273 million, or two-thirds of the total increase. This increase was quite independent of the recent relaxation of controls.

Precise estimation of the actual effect of the removal of import controls on the value of manufactured imports is impossible. The maximum conceivable figure would be £158 million, but this limit would only be a correct measure on the extreme assumptions that all the 'relaxation' imports replaced expenditure on domestic production and that it would have been possible to prevent any increases in imports of goods controlled in 1958, including specialised articles

needed by industry such as instruments and machinery of kinds produced only in the United States, and articles such as large jet aircraft where the American product has an overwhelming competitive advantage. In practice, some 'relaxation' imports must have replaced imports from other sources, and even in the absence of general relaxation, imports of many specialised products would have risen sharply.

A useful measure of the surge of imports resulting from relaxation is to compare the rate of rise of

Table 4. The share of dollar countries in selected imports

	Per cent of total value			
	1957	1958	1959	1960
Chemicals				
Canada	7	8	6	6
USA	21	22	24	29
Wood manufactures				
Canada	7	7	9	11
USA	4	6	4	4
Paper and board				
Canada	35	34	35	35
USA	9	11	13	12
Man-made fibre manufactures				
USA	3	11	8	29
Textile manufactures other than cotton, wool and synthetic				
USA	1	1	1	6
Non-metallic mineral manu- factures				
USA	5	5	6	11
Iron and steel				
Canada	6	4	5	13
USA	24	18	7	25
Non-ferrous metals				
Canada	33	33	34	33
USA	11	15	9	15
Metal manufactures^(a)				
USA	13	9	13	24
Machinery, non-electric				
Canada	2	2	3	3
USA	32	28	27	33
<i>of which : machine tools</i>				
USA	22	19	21	37
Electric machinery				
Canada	2	2	3	3
USA	29	27	28	37
Aircraft				
USA	66	39	40	87
Road vehicles				
USA	9	6	4	7
Clothing				
USA	2	2	1	5
Instruments and precision goods				
USA	17	18	17	21
Miscellaneous manufactures^(b)				
USA	17	17	21	24

Source : Trade and Navigation Accounts, NIESR calculations.

(a) Division D/14.

(b) Division D/23.

Table 5. Imports and exports of selected manufactured goods

£ million; E=exports, I=imports

	1957	1958	1959	1960	1961 I		1957	1958	1959	1960	1961 I
A. Exports rising faster than imports						*Plastics manufactures .. E	3.3	3.0	3.8	4.2	4.1
Chassis and parts .. E	116.0	115.0	124.9	155.3	191.0	I	1.6	1.9	2.2	3.1	3.6
Tractors and parts .. E	72.7	76.9	89.7	111.2	130.3	I	1.6	2.7	3.6	4.4	5.5
*Spirits .. E	56.4	60.8	66.9	71.4	67.6	I	1.9	1.8	2.2	2.5	2.5
Drugs, medicines, etc. .. E	42.4	40.5	40.9	44.4	48.5	I	4.1	4.5	4.4	6.5	6.2
Dyeing materials, etc. .. E	36.6	34.8	40.0	44.7	46.9	C. Exports flat or falling, but much bigger than imports					
Commercial vehicles .. E	33.2	34.4	34.9	39.1	49.0	All metal manufactures(c) E	128.8	124.5	122.2	127.5	137.0
Man-made fibres & yarns .. E	20.0	18.5	22.4	27.5	33.3	I	16.6	16.5	16.4	25.7	31.7
*Sugar confectionery .. E	6.7	6.9	7.1	7.6	7.3	I	95.1	80.0	82.9	86.2	88.0
Paper-making machinery .. E	4.9	6.4	8.9	9.8	13.0	I	10.9	10.8	9.3	9.9	11.6
Synthetic rubber(a) .. E	0.7	0.9	2.2	4.7	5.6	I	84.4	67.7	59.8	60.1	62.8
I	12.8	12.5	9.0	13.2	10.4	I	11.4	11.8	19.2	30.3	41.6
B. Exports rising more slowly than imports						*Cotton fabrics, yarns .. E	74.7	66.8	58.9	61.9	64.8
All non-electric machinery E	560.9	567.2	626.5	711.8	852.0	I	20.4	20.5	24.7	31.4	36.4
I	124.9	136.8	163.1	200.8	241.5	I	79.3	63.1	48.3	52.4	25.6
All chemicals .. E	267.4	263.1	293.1	316.6	340.4	I	10.8	20.9	13.7	13.5	10.2
I	114.3	119.8	138.2	175.6	234.7	I	69.8	98.5	85.2	61.8	69.3
All electric machinery .. E	227.3	223.7	231.3	233.8	273.2	I	11.8	12.0	7.6	37.0	18.4
I	26.8	29.6	40.2	54.0	59.0	I	41.9	46.3	34.0	20.4	19.4
*Cars .. E	152.0	180.8	215.7	218.2	135.2	I	1.7	1.3	1.1	0.8	0.9
I	4.2	4.9	10.3	20.1	9.1	I	35.3	37.7	37.2	34.5	39.1
Power generating machinery E	123.8	135.7	157.2	176.7	209.4	I	2.0	2.0	2.6	3.7	4.5
I	19.3	27.1	42.7	40.4	27.7	E	23.2	24.4	24.2	23.6	28.3
Textile machinery .. E	43.1	39.6	41.1	51.8	66.2	I	5.3	3.9	5.3	5.8	5.3
I	8.1	8.2	8.0	11.8	18.5	E	18.4	17.3	18.2	18.2	20.9
Electronic equipment, etc. E	34.3	34.4	42.6	45.3	55.8	I	0.5	0.6	1.1	1.9	2.9
I	10.8	10.6	14.7	17.0	17.7	E	16.1	14.9	15.5	13.3	12.4
Plastics materials .. E	29.9	32.0	40.0	42.9	57.3	I	3.8	3.4	3.2	3.2	5.1
I	13.9	15.6	19.8	29.7	27.7	E	15.6	16.4	15.3	14.3	14.4
Excavating machinery, etc. E	24.6	20.8	25.3	30.1	40.6	I	3.1	4.8	7.0	7.6	7.7
I	4.3	4.4	4.1	7.3	7.7	I	8.9	8.8	9.6	7.2	7.9
Scientific, precision instruments .. E	24.3	24.0	21.6	28.4	23.9	I	3.4	3.0	1.4	1.2	2.2
I	5.8	7.2	9.4	14.3	10.3	D. Exports flat or falling : imports nearly as big as exports, or bigger					
Machine tools(b) .. E	21.7	17.8	24.0	29.3	32.2	*Clothing .. E	34.1	30.6	30.2	31.7	30.6
I	18.0	14.4	16.5	23.8	24.7	I	18.4	19.9	27.0	40.3	48.5
Office machinery .. E	19.0	19.4	21.7	28.1	24.9	E	27.1	26.4	25.3	26.4	28.0
I	11.6	13.1	15.8	21.1	21.1	I	68.8	69.5	71.4	84.9	85.6
*Floor coverings .. E	18.9	17.1	16.1	20.6	22.0	E	16.8	13.5	10.8	10.6	10.8
I	10.5	9.0	9.8	11.7	13.6	I	10.3	8.7	7.8	11.5	13.2
Agricultural machinery .. E	17.1	16.7	15.9	18.5	19.8	E	13.0	13.1	13.5	13.8	13.0
I	2.8	4.0	5.4	4.4	1.7	I	7.1	9.1	12.9	17.8	26.0
*Glass and glassware .. E	16.3	16.8	18.4	19.9	20.0	E	11.4	11.0	9.8	8.4	8.0
I	5.0	6.2	7.4	10.0	8.8	I	6.4	7.5	6.9	7.6	6.4
*Sewing machines .. E	11.8	10.6	11.1	14.1	15.0	E	6.7	7.0	6.8	7.7	5.4
I	2.8	2.5	4.4	5.8	6.9	I	2.4	2.7	3.8	7.2	4.6
*Photographic supplies .. E	10.8	10.0	11.0	12.8	17.6	E	6.4	6.5	5.1	6.2	6.7
I	3.5	4.3	3.2	4.5	7.7	I	5.5	5.2	9.6	7.1	7.5
Cereal preparations .. E	9.5	9.3	9.8	10.6	9.7	E	6.3	4.8	5.2	5.5	6.5
I	2.2	2.4	4.1	4.1	4.2	I	7.2	5.0	10.8	8.9	3.7
Food and drink machinery E	7.8	7.7	8.0	10.4	11.2	E	6.2	6.3	5.0	5.4	6.9
I	2.3	2.5	2.7	3.4	4.0	I	1.8	2.2	2.7	4.4	4.5
Laundering machinery .. E	7.1	7.8	8.1	11.0	12.1	E	5.9	6.2	5.8	5.8	8.9
I	0.7	1.5	5.0	3.4	3.0	I	2.3	2.8	2.8	5.7	6.1
*Domestic refrigerators .. E	6.0	10.0	7.8	9.0	9.0	E	4.7	4.6	4.8	5.0	6.2
I	0.1	0.3	3.4	5.3	2.1	I	3.7	4.4	6.8	9.5	10.9
						E	4.0	3.8	3.2	4.4	6.0
						I	2.4	2.3	3.3	4.8	5.6
						E	3.1	2.7	2.4	1.9	1.6
						I	22.0	20.4	24.8	37.1	44.4
						E	2.7	2.8	2.3	2.3	2.8
						I	8.7	9.4	10.2	10.1	9.1

Source: Trade and Navigation Accounts. 1961 first quarter at annual rates. Order in each division based on magnitude of 1957 exports by value

*Mainly consumer goods.

(a) Absolute value of exports lower.

(b) Rate of increase in imports similar to that of exports.

(c) Other than machinery, vehicles and instruments.

(d) Other than wool, cotton and man-made.

(e) Imports falling.

(f) Other than machine tools.

(g) Included in office machinery.

'relaxation' imports with those of other imported manufactures. The increase in imports of manufactures not affected by the recent relaxations was 46 per cent in the period under consideration. If 'relaxation' imports had risen at this same rate, they would have increased by £73 million. This suggests that the surge in imports resulting from relaxation of controls and additional to the general rate of rise was about £85 million. This figure is probably still a substantial overestimate of the additional burden on the import bill resulting from relaxation. For one thing, liberalisation probably caused a shift in imports from European to American sources; non-dollar imports would probably have risen faster in the absence of dollar liberalisation. Second, allowance should be made for the import content of those goods which would have been produced by British industry in the absence of liberalisation. In total, it is reasonable to guess that the whole effect of the liberalisation of manufactured goods was of the order of £50-£70 million. This figure is quite small in comparison with the £600 million deterioration of the current balance of payments between 1958 and 1960.

Liberalisation did, however, lead to big increases in certain categories of imports and it made possible a considerable increase in the share of imports of certain manufactured goods coming from North America, notably machinery, chemicals and man-made fibre manufactures (see table 4). The big rise in the share of imports of iron and steel from dollar sources was not associated with any liberalisation. The rise in aircraft imports was the result of the purchase of Boeings. Some imports, notably those of newsprint, do not appear to have been affected at all by liberalisation.

Factors other than liberalisation

Even though it is impossible on the basis of published information to analyse in detail what the effects of liberalisation have been on particular commodities, it seems clear that some further explanation is needed to account for the much more rapid rise in imports of manufactures than in United Kingdom output of manufactures. This effect can be summed up as 'competitiveness'; table 5 and chart 1 are designed to give further indications of the competitive strength, broadly defined in this way, of British industry. They indicate the development of exports from, and imports into, Britain of selected manufactures. Apart from the items included in the category of manufactures in the trade statistics, this list includes others such as certain manufactured food stuffs. The table divides all these goods into four groups. The first group includes cases where the

export performance has been satisfactory, in the sense that the rate of increase in exports since 1957 exceeded that of imports, and the absolute value of exports is much higher than the import bill. This group is the smallest of the four; it consists of certain categories of chemical manufactures, tractors, commercial vehicles, chassis and parts for road vehicles, but only one item of machinery: paper-making machines. Spirits, mainly whisky, are also found in this group.

The second, and rather less favourable group, consists of items the exports of which were increasing between 1957 and 1960, and which are in excess of imports in absolute terms, but where imports rose at a faster rate than exports. Apart from a long list of machinery items, both organic and inorganic chemicals, plastics, glass, pottery, scientific instruments and office machinery belong to this group. Machinery and chemicals, if grouped together and not taken as individual items, show this same movement (table 6).

Table 6. Imports and exports of certain items : increases from 1957 to 1960

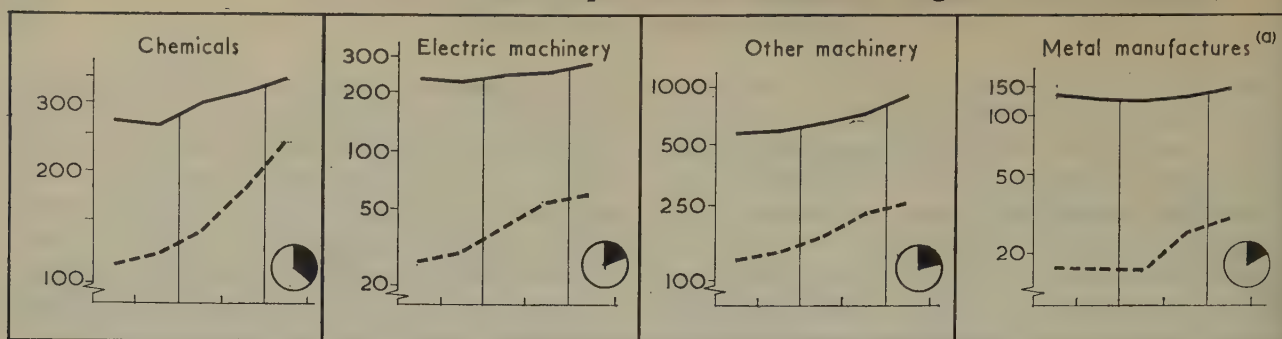
	Exports	Imports	Exports	Imports
	£ million		per cent	
Chemicals	+ 49	+ 61	+ 18	+ 54
Electrical machinery ...	+ 6	+ 27	+ 3	+ 101
Non-electrical machinery	+ 151	+ 117	+ 37	+ 61

Source : *Trade and Navigation Accounts*.

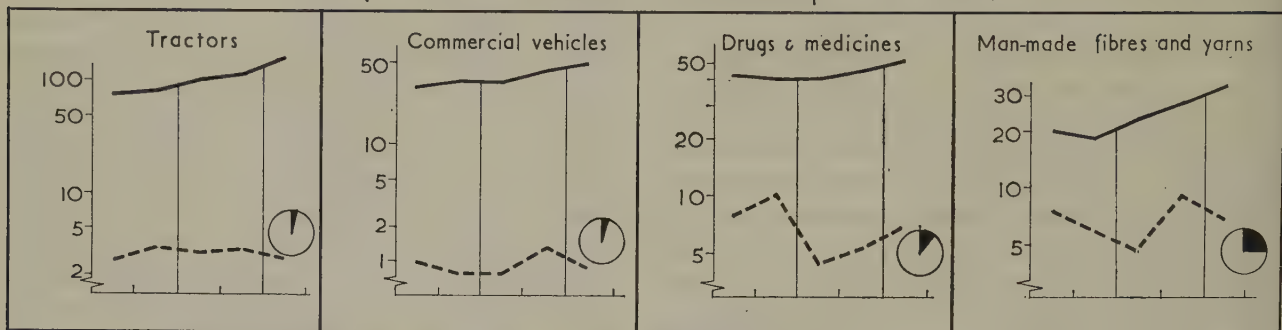
The third group contains articles whose exports were constant or declining, whereas imports in most instances increased fairly rapidly but were still much lower in their absolute value than exports. This group contains most textile manufactures, the non-machinery metal manufactures, heavy electrical equipment, railway vehicles, aircraft and ships. Many of these are Britain's traditional exports.

The fourth and most unfavourable group consists of items where imports are rising and exports are constant or falling, and where imports generally exceed exports. It mainly consists of consumer goods such as clothing, footwear, cameras, motor-cycles, toys. Important semi-manufactures such as paper are also to be found in this group, as is cotton grey cloth; despite restrictions on traditional suppliers, grey cloth imports from other suppliers are rising fast (table 7).

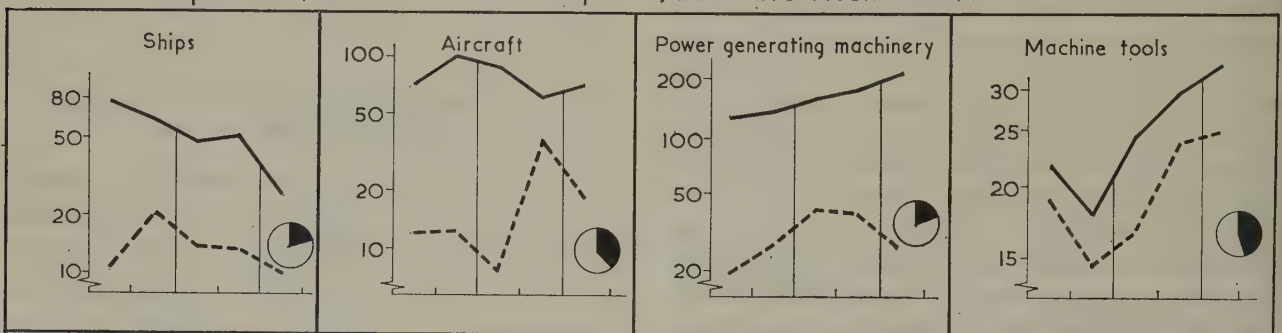
Chart 1. Imports and exports of selected manufactured goods (£ million, ratio scale)



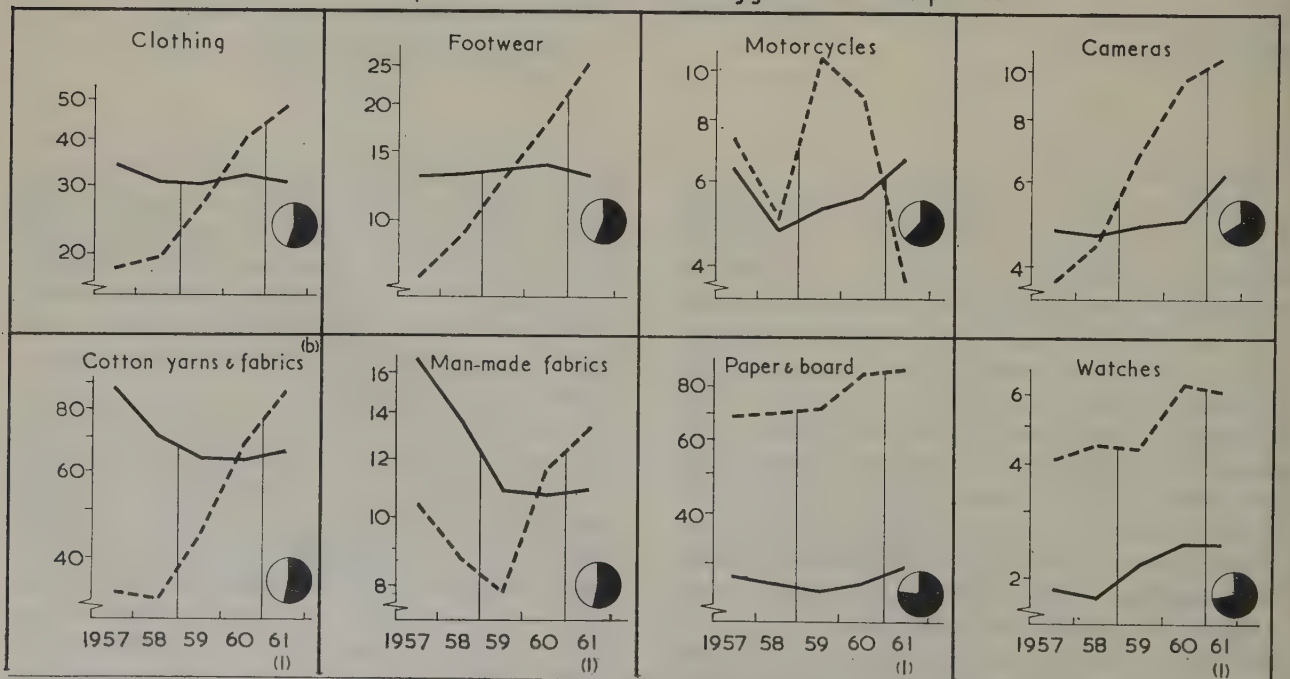
Exports have risen faster than imports since 1957:



Imports in 1960 smaller than exports, but have risen faster:



Imports in 1960 were bigger than exports:



Key: Exports = ———, Imports = - - - - -

Source: Trade and Navigation Accounts. 1961 first quarter figures are at annual rates. The circle shows the relationship of the value of imports in 1960 (shaded area) to the total value of both imports and exports.

(a) Excludes arms and ammunition.
(b) Includes cotton grey cloth.

Table 7. Imports of grey (unbleached) cotton cloth

Million square yards

	1957	1958	1959	1960	1960 Jan.- Mar.	1961 Jan.- Mar.	Average price in 1960 £ per '000 sq. yds.
India	182.1	120.9	184.6	222.9	68.5	62.6	55.0
Pakistan .. .. .	..	..	31.5	39.5	16.1	5.3	52.9
Hong Kong	71.1	116.1	132.9	104.8	20.8	20.2	74.0
Other Commonwealth countries ..	7.0 ^(a)	3.4 ^(a)	2.7	10.8	0.8	5.1	94.2
Japan	56.5	40.4	43.4	51.1	10.1	16.3	56.9
China	27.6	39.3	28.0	24.1	6.0	6.4	58.3
Ireland	4.9	6.0	6.1	9.7	2.0	2.9	108.8
France	6.9	4.3	5.8	8.4	1.6	3.2	77.4
Other foreign countries	15.9	6.9	25.6	125.1	22.2	54.4	63.7
Total, all sources	371.9	337.4	460.7	596.5	148.1	176.4	62.2

Source: *Trade and Navigation Accounts*.

(a) Includes Pakistan in 1957 and 1958.

Conclusions

Although it is impossible to identify the detailed effects of liberalisation on United Kingdom imports of manufactures, it seems clear that they were fairly limited and may not account for more than one-fifth or even one-tenth of the rise in manufactured imports between 1958 and 1960, and that much of the recent increase must be explained in other ways. Some industries, notably large parts of chemical production, appear to be highly competitive, in that exports have increased faster than imports in spite of marked effects from dollar liberalisation. In other industries, notably machinery, imports have been growing faster than exports but some of the import increase is the result of liberalisation and exports are

still well in excess of imports. It is disturbing, however, that there is a fairly wide range of industries where the balance of exports and imports shows adverse trends, in spite of the tariff protection generally enjoyed in the home market, and despite the fact that it is difficult to attribute much of the rise of these imports to liberalisation. It is not reasonable to expect that any country can be highly competitive over a full range of manufactures, but Britain must be able to maintain a strong competitive position over a wide range if she is to be able to pay for her increasing requirements of food, oil and other raw materials. Otherwise, the consequence will be internal stagnation or severe payments difficulties.

NOTE ON SEASONAL CORRECTIONS: TRADE OF PRIMARY PRODUCING COUNTRIES⁽¹⁾

In this issue, the quarterly figures for exports and imports of primary producing countries given in the Statistical Appendix (tables 24 and 25) are seasonally adjusted. Table 1 shows the seasonal corrections applied, and gives some measure of their reliability. Seasonal adjustments were also calculated for a number of series not given in the *Economic Review*—notably for some primary producing countries' exports of certain commodities, such as cocoa and wool (table 1, part II). Chart 1 shows the adjusted and unadjusted lines for the total exports of the overseas sterling area, and also for some of the other series where the seasonal fluctuations are most marked.

The adjustments are the arithmetic means of the percentage deviations from a four-quarter moving average. Value figures were used throughout. A

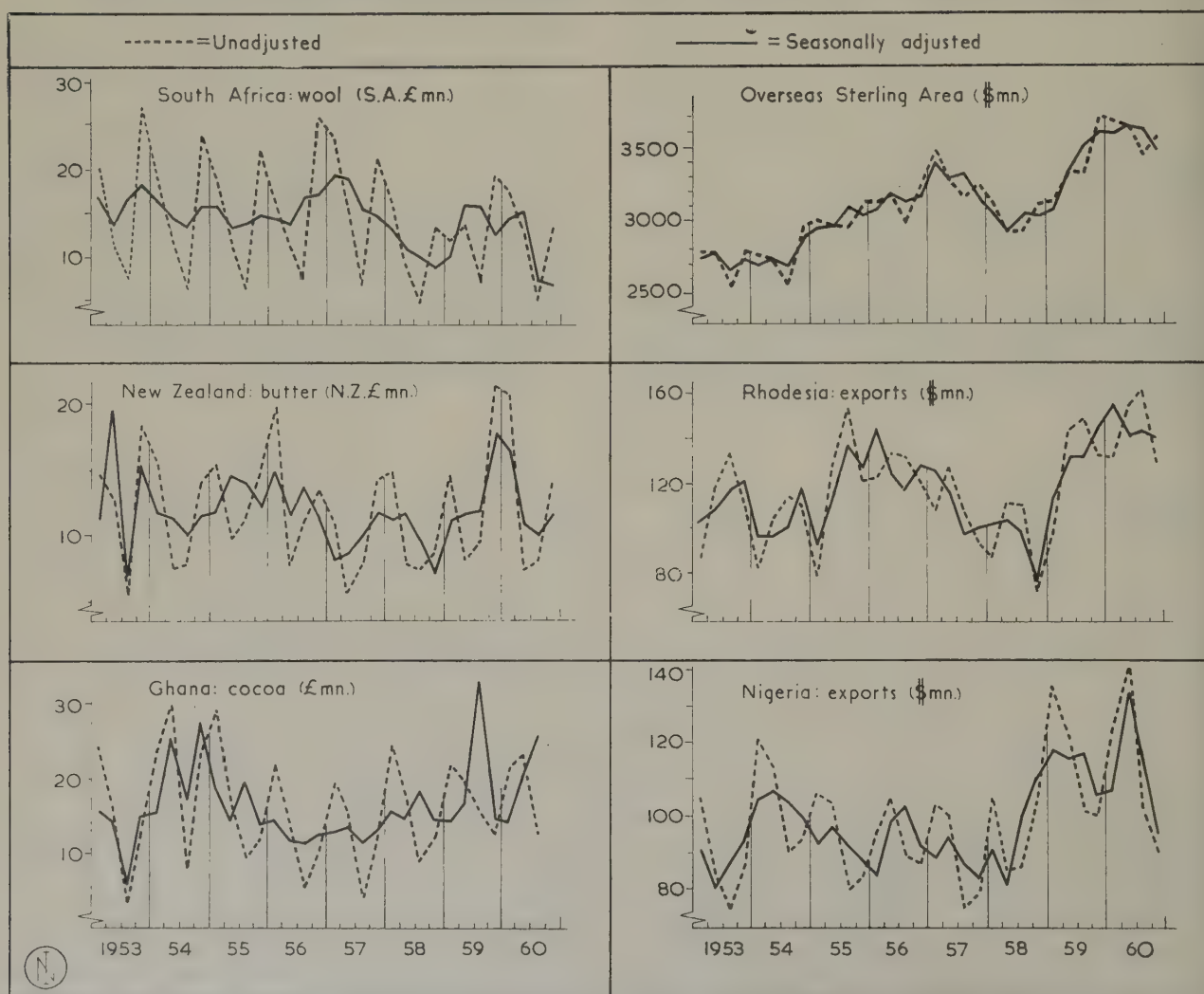
specific allowance was made for any known extraordinary events—such as strikes in the Rhodesian copper mines; but it was not found possible to adjust specifically for the number of working days.⁽²⁾ The adjusted figures may therefore still include some differences which are irregular from year to year in the number of days worked.

The following example shows the use of the confidence limits (table 1). For the third quarter, the seasonal correction to South African wool exports is shown as +55 per cent and the confidence limit as

⁽¹⁾The problems of seasonal correction were discussed more fully in 'Seasonal corrections', *National Institute Economic Review*, no. 5, September 1959.

⁽²⁾In a number of countries the number of working days varies widely within the country according to race and religion.

Chart 1. Trade of primary producing countries: some unadjusted and seasonally adjusted figures



Source: Table 1, *International Financial Statistics*, and national sources.

±7. This means that—assuming seasonal influences lie within the range of those of the past eight years or so—there is a 90 per cent probability that something more than a seasonal influence is at work, if exports in the third quarter are more than 62 per cent or less than 48 per cent below the trend. For a

number of series, the confidence limits, in relation to the seasonal adjustment, are much larger than for South African wool exports; nonetheless, the seasonally adjusted figures probably give a more useful picture of the trend than the unadjusted ones—no more is claimed for them than this.

Table 1. Seasonal adjustments to the trade of primary producing countries^(a)

	Percentage adjustment to unadjusted figures				Confidence limit ^(b)			
	I	II	III	IV	I	II	III	IV
I. Exports								
All primary producers	- 1	0	+ 3	- 2	7	5	3	4
Overseas sterling area: total ^(c)	- 2	0	+ 5	- 3	4	4	4	3
Australia	0	- 1	+ 16	- 15	21	16	7	9
Burma	+ 5	- 18	+ 5	+ 8	41	36	31	33
Ceylon	- 3	+ 9	- 3	- 3	21	17	15	18
Ghana	+ 34	+ 12	- 34	- 12	24	29	28	17
Hongkong	0	0	+ 4	- 4	13	12	10	8
India	0	+ 13	- 4	- 9	12	8	12	12
Irish Republic	+ 4	+ 6	- 4	- 6	9	11	8	11
Malaya	0	+ 5	0	- 5	8	8	6	3
New Zealand	- 15	- 15	+ 16	+ 14	13	20	20	10
Nigeria	- 15	- 5	+ 14	+ 6	12	15	9	8
Pakistan	- 27	+ 15	+ 23	- 11	41	24	26	29
Rhodesia ^(d)	+ 15	- 9	- 13	+ 7	16	11	13	23
Union of South Africa	+ 1	+ 2	+ 6	- 9	5	11	4	9
Rest of sterling countries ^(c)	0	- 3	+ 2	+ 2	6	4	7	6
Sterling oil producers	0	0	- 3	+ 3	12	7	7	17
Non-sterling oil producers			No seasonal pattern found					
Latin America			No seasonal pattern found					
'Other' primary producers	0	- 3	+ 6	- 3	16	12	6	2
II. Exports of main commodities								
Australia : wool	- 7	0	+ 34	- 27	26	23	8	15
Ceylon : tea			No seasonal pattern found					
Ghana : cocoa	- 52	- 16	+ 52	+ 16	32	34	40	25
India : tea	+ 7	+ 50	- 18	- 39	38	24	21	42
jute goods	+ 8	+ 10	- 15	- 3	8	20	17	16
Malaya : rubber	- 1	+ 8	0	- 7	8	8	14	10
tin	- 5	+ 4	- 4	+ 5	5	10	18	11
New Zealand : wool	- 23	- 35	+ 26	+ 32	15	34	34	5
butter	- 32	+ 33	+ 20	- 21	29	15	31	42
mutton and lamb	- 30	- 13	+ 12	+ 31	62	30	20	37
Pakistan : jute	- 48	+ 31	+ 33	- 16	71	38	39	45
Rhodesia : copper	+ 1	- 6	+ 2	+ 3	35	10	23	46
South Africa : wool	- 20	+ 15	+ 55	- 50	15	28	7	24
diamonds	- 22	+ 11	- 1	+ 12	26	1	10	17
III. Imports								
All primary producers	+ 3	0	0	- 3	10	6	3	7
Overseas sterling area : total ^(c)			No seasonal pattern found					
Australia	- 1	- 2	- 1½	+ 4½	6	8	17	10
Burma			No seasonal pattern found					
Ceylon			No seasonal pattern found					
Ghana	0	- 3½	- 5	+ 8½	16	12	6	12
Hongkong	0	- 2	+ 4	- 2	16	8	6	10
India			No seasonal pattern found					
Irish Republic	- 6	0	+ 9	- 3	6	5	8	9
Malaya			No seasonal pattern found					
New Zealand	+ 5	+ 3	- 4	- 4	10	9	12	18
Nigeria	0	+ 4	+ 3	- 7	7	7	7	7
Pakistan	- 4	+ 14	- 5	- 5	6	25	13	21
Rhodesia ^(d)	+ 6	- 2	- 2	- 2	9	6	11	8
Union of South Africa	- 3	- 3	+ 2	+ 4	6	2	6	4
Rest of sterling countries ^(c)			No seasonal pattern found					
Sterling oil producers			No seasonal pattern found					
Non-sterling oil producers	- 2	+ 4	+ 4	- 6	7	5	6	17
Latin America	+ 8	0	- 3	- 5	12	5	7	5
'Other' primary producers	+ 3	0	+ 2	- 5	10	13	4	11

Source : International Financial Statistics, national sources, and NIESR calculations.

(a) For definition of the areas, see page 59.

(b) The limits were calculated at the 90 per cent level of confidence from the t-distribution for the appropriate length of the observed series. See this page for their use.

(c) Excluding oil producing countries.

(d) Federation of Rhodesia and Nyasaland.

STATISTICAL APPENDIX

In this issue, the Statistical Appendix has been revised and enlarged. More production figures are given, in particular for the metals and engineering industries. The tables on new orders and orders on hand and the table on finance have been extended. There is a new table on energy consumption. A set of tables is included which gives economic indicators for the main sterling area countries. Official reserves figures now show the distribution between gold, dollars and sterling. Some of the old trade tables have been revised to give figures for the EEC and EFTA groups. More series are now seasonally adjusted.

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Symbols and conventions used

.. = not available.

— = nil or less than half the final digit shown.

billion = thousand millions.

Items may not always add to totals, because of rounding.

A horizontal bar across a column indicates a discontinuity in the series.

Italics are used where NIESR has added estimates to figures published elsewhere—for instance, when an estimated later figure is added.

Table 1. Gross domestic product

45

Seasonally adjusted

	Final expenditure at market prices						Less Imports of goods and services	Less Adjustment to factor cost (c)	Statistical discrepancy	Gross domestic product at factor cost	Output				
	Consumers' expenditure (a)	Public authorities' current spending	Gross fixed investment (b)	Value of physical stock change	Exports of goods and services	Total final expenditure					Gross domestic product	Industrial production (d)	Agriculture, etc.	Transport, communication	Distribution, other services
	£ million, 1954 prices, quarterly averages										Index numbers, 1954 = 100				
18	2,677	592	467	+ 59	656	4,451	738	449	+ 68	3,332	85	79.0	84	87	90
19	2,735	632	510	+ 9	729	4,615	795	455	+ 90	3,455	88	83.6	90	89	91
50	2,813	637	535	- 60	840	4,765	807	465	+ 88	3,589	91	88.3	92	92	94
51	2,773	688	535	+ 141	854	4,991	902	485	+ 52	3,664	93	91.3	94	96	94
52	2,758	762	537	+ 10	846	4,913	827	469	+ 7	3,631	92	89.2	97	96	94
53	2,874	785	595	+ 33	843	5,130	879	490	+ 9	3,778	96	94.3	99	98	97
54	3,014	784	647	+ 22	905	5,372	913	515	—	3,944	100	100.0	100	100	100
55	3,160	766	679	+ 72	1,026	5,703	1,090	535	+ 8	4,086	104	105.1	99	102	103
56	3,192	770	712	+ 69	1,080	5,822	1,145	535	- 25	4,117	104	105.6	105	104	103
57	3,263	746	742	+ 60	1,102	5,913	1,155	544	- 22	4,192	106	107.5	107	104	105
58	3,347	740	751	+ 28	1,067	5,933	1,138	569	- 30	4,196	106	106.3	106	103	107
59	3,482	753	797	+ 43	1,100	6,174	1,231	610	+ 68	4,401	117	112.6	111	106	112
50	3,604	775	873	+ 140	1,155	6,547	1,368	653	+ 108	4,634	118	120.3	116	110	116
58 I	3,323	747	755	+ 29	1,077	5,931	1,127	563	- 48	4,193	106	107	107	103	106
II	3,319	735	748	- 18	1,025	5,809	1,091	574	+ 29	4,173	106	106	107	103	106
III	3,336	746	750	+ 65	1,088	5,985	1,158	570	- 76	4,181	106	105	105	103	107
IV	3,409	732	752	+ 37	1,077	6,007	1,176	568	- 26	4,237	107	107	105	104	109
59 I	3,406	737	763	- 21	1,045	5,930	1,201	588	+ 120	4,261	108	109	105	104	110
II	3,503	757	790	+ 33	1,090	6,173	1,211	609	+ 7	4,360	111	111	105	105	111
III	3,468	763	807	+ 60	1,110	6,208	1,215	620	+ 66	4,439	113	114	116	107	112
IV	3,551	755	828	+ 98	1,153	6,385	1,295	623	+ 78	4,545	115	117	116	108	114
60 I	3,593	784	861	+ 85	1,165	6,488	1,328	648	+ 94	4,606	117	120	116	110	115
II	3,632	771	856	+ 175	1,151	6,585	1,356	654	+ 67	4,642	118	121	116	110	116
III	3,593	746	892	+ 135	1,150	6,516	1,389	650	+ 161	4,638	118	120	116	110	116
IV	3,597	799	881	+ 166	1,155	6,598	1,398	658	+ 108	4,650	118	120	116	111	116
61 I	3,693				1,195		1,385			4,660	118	120	116	112	117

For explanations and definitions see page 59.

For details see table 11. (b) For details see table 12.

(c) Net indirect taxes at 1954 rates.

(d) For details see table 2.

Table 2. Production in industry

Index numbers, 1954 = 100, seasonally adjusted

	Total industrial production	Total manufacturing	Metals, metal-using				Textiles	Clothing	Chemicals	Paper-printing	Food, drink, tobacco	Other manufacturing	Mining	Construction	Electricity, gas, water
			Total	Engineering	Vehicles	Ship-building									
Weights	1,000	760	374	164	78	22	77	33	63	53	82	79	72	120	48
1948	79.0	77.3	75.6	69.4	61.4	116.5	85.5	88.2	68.0	65.8	87.4	77.6	90.8	86.7	69.0
1949	83.6	82.2	80.0	75.9	71.2	106.1	92.1	96.6	70.2	75.1	90.9	82.0	93.8	90.7	73.8
1950	88.3	87.8	85.1	84.5	76.4	93.5	100.1	101.2	79.7	86.5	90.1	88.4	94.8	90.8	80.4
1951	91.3	91.6	90.3	90.5	79.9	96.2	99.8	95.7	83.7	91.3	93.1	93.1	98.0	87.3	85.5
1952	89.2	88.2	91.3	92.4	79.5	99.2	81.9	91.7	79.6	76.7	94.7	86.2	99.3	90.0	88.1
1953	94.3	93.7	93.4	93.6	90.4	105.1	97.4	100.3	89.1	85.7	98.5	92.6	98.8	96.3	92.5
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1955	105.1	106.4	109.6	107.4	114.6	108.5	97.5	103.7	106.2	107.7	102.7	104.5	99.0	100.3	105.4
1956	105.6	105.9	108.3	107.0	107.2	117.4	96.4	105.8	110.6	106.3	105.5	100.3	99.2	105.8	110.2
1957	107.5	108.3	111.4	111.0	114.9	107.9	96.5	105.1	115.0	109.1	106.9	101.4	98.5	105.5	114.3
1958	106.3	106.9	110.3	111.5	118.4	108.8	87.1	101.5	115.0	111.2	109.4	100.1	94.3	105.0	119.2
1959	112.6	114.1	116.7	118.2	129.0	101.0	92.0	111.7	131.2	116.9	113.6	107.3	91.8	111.3	123.2
1960	120.3	122.9	126.5	127.0	138.8	91.9	95.5	119.8	145.3	132.8	117.1	114.5	88.8	117.7	133.2
1959 I	108	108	110	111	124	107	86	105	125	115	112	102	91	110	121
II	111	113	116	117	129	101	91	107	131	115	114	106	94	109	122
III	114	115	117	121	122	100	94	115	133	113	115	110	92	112	122
IV	117	120	125	124	141	97	97	119	137	125	113	111	91	114	128
1960 I	120	122	127	126	145	95	94	113	141	130	117	114	90	117	131
II	121	124	128	127	144	92	96	116	146	134	118	117	89	117	128
III	120	123	127	127	138	91	96	121	148	131	118	115	88	117	134
IV	120	122	125	129	128	89	96	129	147	136	116	112	88	119	139
1961 I	120	122	125	130	129	94	91	118	147	131	122	113	86	122	135
January	120	121	124	127	128	91	90	116	146	132	120	114	88	119	140
February	120	122	126	131	130	93	90	115	148	133	123	112	84	125	132
March	120	123	125	130	130	97	92	123	148	129	123	114	86	123	133

For explanations and definitions see page 59.

Table 3. The metals and engineering industries

Quarterly rates, seasonally adjusted

	Steel		Passenger cars			Com- mercial vehicles output	Selected con- sumer durables	Deliveries of plant and machinery(a)	
	Output	Con- sump- tion	Output	New regi- stra- tions	Exports			Electrical	Other
	000 tons ingot equivalent		thousands					'000	1954 = 100	£ million
1948	3,719	3,353	84	28	57	43	37	..	..
1949	3,888	3,550	103	38	65	54	44	..	..
1950	4,073	3,710	131	33	99	65	67	..	..
1951	3,910	3,772	119	36	92	64	79	..	..
1952	4,104	3,825	112	47	78	60	63	..	..
1953	4,402	3,915	149	74	77	60	76	..	..
1954	4,630	4,190	192	97	94	67	100	..	..
1955	4,948	4,470	224	126	97	85	111	..	..
1956	5,165	4,617	177	100	84	74	88	..	..
1957	5,425	4,655	215	107	106	72	105	..	..
1958	4,892	4,459	263	139	121	78	118	72	325
1959	5,047	4,472	297	162	142	93	163	74	336
1960	6,076	5,067	338	202	142	114	144	78	369
1959 I	4,468	4,130	255	151	119	77	141	68	320
1959 II	4,915	4,525	293	158	142	91	173	73	346
1959 III	5,070	4,514	282	149	140	100	171	72	321
1959 IV	5,733	4,726	360	188	169	102	166	83	358
1960 I	6,011	4,875	384	222	181	108	170	77	362
1960 II	6,002	5,177	380	220	162	117	161	77	369
1960 III	6,065	5,127	347	216	127	118	137	72	350
1960 IV	6,227	5,091	242	148	99	116	111	86	395
1961 I	6,010	4,953	210	207	84	119	110		
January	6,164		186	174	93	116			
February	6,043		188	218	86	121			
March	5,822		255	228	72	121			
April	5,889		238	200	86	121			

For explanations and definitions see page 59.

(a) Unadjusted.

Table 4. Energy

Quarterly rates, seasonally adjusted

	Inland consumption			Elec- tricity gener- ated(e)
	Coal	Oil(a)	Total primary fuel(b)	
	million tons			bn.kWh
1948	48.1	3.2	53.1	11.5
1949	48.7	3.4	53.7	12.2
1950	50.4	3.8	56.2	13.6
1951	52.5	4.2	58.2	14.9
1952	51.9	4.4	58.0	15.5
1953	52.0	4.7	59.0	16.4
1954	53.5	5.3	61.5	18.2
1955	53.7	5.8	62.5	22.8
1956	54.3	6.3	63.5	24.6
1957	53.2	6.2	61.7	25.7
1958	50.5	7.8	62.1	27.5
1959	47.4	9.1	61.5	29.4
1960	49.2	10.7	66.5	33.3
1959 I	49.3	8.5	62.8	28.4
1959 II	46.8	9.1	60.6	29.2
1959 III	45.5	9.1	59.4	29.3
1959 IV	47.8	9.7	63.3	30.8
1960 I	49.7	10.3	67.0	32.2
1960 II	46.9	10.4	63.0	32.3
1960 III	49.0	10.6	65.9	33.7
1960 IV	51.3	11.3	70.0	34.9
1961 I	48.8			
January	51.1	11.6	70.3	35.4
February	49.1	11.0	67.1	33.1
March	46.3			33.8
April	45.2			

For explanations and definitions see page 60.

(a) Deliveries to consumers. (b) In coal equivalent.

(c) Great Britain. Before 1955 excluding generation outside the public system.

Table 5. New orders and orders on hand

		Engineering(a)						Machine tools(d)		Shipbuilding		Textiles and clothing		Factory building approvals (i)	Housing starts (j)	Architects new work (k)
		Total		For export		For home market		Net new orders, £ mn(e)		Merchant vessels, 000 gross tons		Net new orders (g)	Orders on hand (h)			
		Net new orders (b)	Orders on hand (c)	Net new orders (b)	Orders on hand (c)	Net new orders (b)	Orders on hand (c)	Total	For home market	New orders (e)	Orders on hand(f)					
1954		..	97	..	93	..	99	18.6	13.9	159	4,333	..	..	17.7	84.1	..
1955		..	106	..	96	..	109	23.6	18.8	582	5,287	..	..	22.8	79.6	..
1956		..	104	..	103	..	105	20.9	15.3	619	6,442	..	..	17.8	71.2	..
1957		..	101	..	101	..	101	18.8	13.6	420	6,828	..	..	15.9	70.4	..
1958		91	88	89	86	92	89	14.9	10.6	124	5,430	..	..	11.4	66.0	84
1959		107	90	104	88	108	90	20.1	15.5	80	4,169	..	135	14.5	81.3	100
1960		125	104	121	103	126	104	36.2	28.0	157	3,348	102	136	22.3	79.0	125
1959	I	99	87	96	84	100	88	15.5	11.3	55	5,103			16.1	83	108
	II	109	87	104	84	110	88	19.8	16.4	44	4,734	105	107	13.7	80	90
	III	100	87	97	84	101	88	21.2	16.4	48	4,473	108	119	12.7	80	92
	IV	121	90	121	88	120	90	23.8	17.9	172	4,169	122	135	15.7	82	110
1960	I	137	97	129	95	140	98	40.4	31.6	196	4,044	106	135	35.8	76	147
	II	120	99	115	97	122	100	36.4	29.3	158	3,780	103	135	19.4	84	109
	III	119	104	118	102	119	104	35.3	26.5	63	3,494	89	130	17.9	78	111
	IV	122	104	124	103	121	104	32.7	24.5	210	3,348	112	136	16.2	78	133
1961	I	146	112	125	106	154	115			131	3,080	95	128	16.4	84	
1960 Oct.		119	103	119	102	120	104	32.8	25.2			131	137			
November		131	105	133	103	130	105	34.1	26.8			127	142			
December		116	104	121	103	115	104	31.1	21.6			79	136			
1961 Jan.		127	105	115	104	132	106	37.8	29.3			90	135			
February		150	108	120	104	161	110	28.1	21.6			100	134			
March		161	112	141	106	168	115					94	128			

For explanations and definitions see page 60.

(a) Including certain heavy vehicles. (b) Adjusted for the lengths of calendar months, average deliveries 1958 = 100, at 1958 prices. (c) At end of period, January 1958 = 100, at 1958 prices. (d) These are included in the previous columns. (e) Quarterly rates. (f) At end of period. (g) Adjusted for the lengths of calendar months, average deliveries 1959 = 100, at 1958 average prices. (h) At end of period, April 1959 = 100, at 1958 average prices. (i) Area, mn. sq. ft.; Gt. Britain only; quarterly rates, seasonally adjusted. (j) Quarterly rates, seasonally adjusted. (k) At 1954 prices.

Table 6. The labour market

Seasonally adjusted

Seasonally adjusted															
ons 954	Employment											Demand for labour			Net over- time per head in manu- factur- ing (b)
	Total civil employ- ees	Agri- culture etc.	Trans- port, com- muni- cation	Distri- bution and other services	Total indus- trial produc- tion	Con- struc- tion	Mining	Total manu- factur- ing	Metals, metal- using	Textiles	Other indus- tries	Unem- ploy- ment	Unfilled vacan- cies	Excess demand (a)	
	Index numbers, 1954 = 100											Percentage of employees				Weekly hours
	21.07	0.72	1.67	7.30	11.38	1.31	0.87	8.83	4.31	0.99	3.90				
	94.4(c)	113.7(c)	103.6(c)	94.4(c)	91.8(c)	98.2(c)	100.9(c)	90.2(c)	90.2(c)	94.0(c)	88.8(c)	1.50	2.30	0.68	..
	95.1	109.4	103.5	94.6	93.3	98.3	100.5	92.0	90.0	97.8	92.6	1.52	1.95	0.42	..
	96.5	111.0	103.1	95.3	95.3	98.4	98.0	94.6	91.8	102.1	95.8	1.53	1.77	0.27	..
	97.5	106.4	102.2	95.8	97.3	98.9	98.4	97.0	94.5	103.4	98.0	1.19	2.01	0.69	..
	97.4	104.0	102.0	96.4	96.9	97.8	100.6	96.2	96.9	93.8	96.4	1.99	1.34	-0.27	1.0
	98.0	101.1	100.7	97.3	97.9	98.6	100.8	97.4	97.1	98.2	97.8	1.64	1.33	-0.04	1.8
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	1.34	1.56	0.29	2.0
	101.3	97.8	99.3	100.8	102.2	102.0	99.4	102.6	104.6	96.6	101.7	1.08	1.91	0.73	2.1
	102.1	91.6	99.5	102.4	102.9	105.0	99.1	103.1	105.9	94.4	101.9	1.19	1.66	0.46	1.9
	102.5	91.2	99.9	103.4	103.0	104.3	100.1	103.1	109.0	93.7	102.0	1.43	1.27	0.01	1.9
	101.8	89.5	98.6	104.3	101.5	102.3	98.7	101.7	105.5	87.9	101.0	2.10	0.90	-0.67	1.4
	102.4	88.0	97.0	106.2	101.5	103.3	94.5	102.1	105.9	85.7	101.8	2.17	1.02	-0.62	1.9
	104.4	85.6	96.7	108.1	104.1	106.3	87.6	105.9	111.4	85.4	104.5	1.60	1.40	-0.08	2.3
III	102.6	87.8	96.7	106.4	101.8	103.7	93.8	102.6	106.4	86.3	102.3	2.14	1.10	-0.41	2.0
IV	103.2	89.9	96.7	106.8	102.4	104.5	92.1	103.5	107.8	86.0	102.8	1.99	1.20	-0.28	2.3
I	103.5	86.3	96.4	107.0	103.1	105.2	90.3	104.4	109.4	85.3	103.4	1.70	1.28	-0.15	2.2
II	104.0	85.0	96.4	107.6	103.9	105.8	88.1	105.6	111.1	85.4	104.2	1.56	1.41	-0.07	2.4
III	104.8	84.4	96.6	108.6	104.7	106.9	86.5	106.7	112.4	85.5	105.2	1.55	1.45	-0.05	2.4
IV	105.2	86.7	97.5	109.1	104.8	107.4	85.7	106.7	112.5	85.5	105.3	1.59	1.46	-0.05	2.3
I	105.1	82.9	97.8	108.9	104.9	108.8	85.3	106.6	112.4	84.9	105.4	1.49	1.46	-0.02	2.2
January	104.9	83.4	97.7	108.8	104.7	107.6	85.5	106.5	112.3	85.0	105.3	1.59	1.42	-0.06	
February	105.1	83.4	97.8	108.9	104.9	109.2	85.4	106.6	112.4	84.9	105.3	1.47	1.46	-0.02	
March	105.2	82.0	97.9	109.1	105.0	109.6	84.9	106.8	112.5	84.9	105.5	1.40	1.49	0.02	
April												1.41	1.48	0.02	

explanations and definitions see page 60.

NIERSR index based on unemployment and vacancies.

(b) Not seasonally adjusted.

(c) End-June, seasonally adjusted.

Table 7. Unemployment by industry

Percentage of total employees, seasonally adjusted

	Metals, metal- using	Textiles	Con- struc- tion	Mining	Trans- port, services	Other
8	1.54	0.66	2.64	0.32	1.62	1.27
9	1.34	0.66	2.90	0.30	1.72	1.28
0	1.18	0.60	2.83	0.33	1.80	1.37
1	0.83	0.83	2.05	0.26	1.46	1.15
2	1.17	8.44	2.83	0.26	1.86	1.79
3	1.33	1.35	2.86	0.28	1.86	1.46
4	0.92	0.92	2.50	0.25	1.58	1.23
5	0.63	1.64	1.76	0.19	1.27	1.01
6	0.94	1.41	2.01	0.21	1.30	1.09
7	1.07	1.13	2.83	0.31	1.60	1.29
8	1.76	3.96	4.00	0.57	2.09	1.82
9	1.79	2.70	4.63	0.98	2.15	1.89
0	1.13	1.63	3.09	0.84	1.76	1.29
9 I	2.21	4.37	4.73	0.84	2.16	2.04
II	1.97	2.70	4.50	0.95	2.18	1.90
III	1.56	1.86	4.78	1.04	2.23	1.87
IV	1.42	1.88	4.49	1.10	2.05	1.76
0 I	1.11	1.92	3.11	0.91	1.91	1.38
II	0.97	1.61	3.16	0.86	1.77	1.26
III	1.00	1.43	3.12	0.82	1.74	1.26
IV	1.45	1.55	2.96	0.76	1.63	1.28
1 I	1.60	1.38	2.25	0.61	1.59	1.09
January	1.87	1.55	2.44	0.67	1.62	1.16
February	1.65	1.35	2.09	0.55	1.57	1.09
March	1.27	1.25	2.23	0.61	1.58	1.02
April	1.13	1.07	2.65	0.62	1.58	1.07

explanations and definitions see page 60.

Table 8. Productivity

Index numbers, 1954 = 100, seasonally adjusted

	Output per person employed in						Output per man- hour worked (a)
	gross dom- estic prod- uct	total indus- trial pro- duction	total manu- factur- ing	metals, metal- using	textiles	mining	
1948	89	86	86	84	91	90	88
1949	92	90	89	89	94	93	92
1950	95	93	93	93	98	97	94
1951	95	94	94	96	97	100	96
1952	94	92	92	94	87	99	93
1953	97	96	96	96	99	98	97
1954	100	100	100	100	100	100	100
1955	102	103	104	105	101	100	103
1956	103	103	103	102	102	100	103
1957	105	104	105	102	103	98	106
1958	106	105	105	105	99	96	107
1959	111	111	112	110	107	97	112
1960	115	115	116	114	112	101	118
1959 I	108	107	107	105	101	94	109
II	110	110	111	110	106	98	112
III	111	111	112	110	108	98	113
IV	114	114	115	116	112	99	116
1960 I	115	116	117	116	110	100	117
II	115	116	117	115	112	101	120
III	114	115	115	113	112	102	118
IV	114	115	115	111	112	102	118
1961 I	115	114	114	111	107	101	119
January		114	114	110	106	103	
February		114	115	112	106	99	
March		115	115	111	108	101	

For explanations and definitions see page 60.

(a) In manufacturing.

Table 9. Prices

Index numbers, 1954 = 100

	Capital goods				Export prices	Retail prices	Consumer goods and services								Total final prices
	All assets	Plant, vehicles, etc.	Dwellings	Other building			Total	Food	Drink, tobacco	Housing (inc. rent and rates)	Durable goods	Clothing	All other goods	Services	
1948	78	76	79	81	78	75.7	79.6	67.3	99.2	79.4	84.9	82.2	82.9	79.6	78.1
1949	79	78	80	81	81	77.8	81.2	70.7	98.1	80.9	83.6	85.6	83.6	81.3	80.3
1950	81	81	81	81	85	79.9	83.3	74.6	97.0	83.1	87.0	86.6	85.7	83.8	82.7
1951	89	87	94	91	100	87.6	91.2	83.2	98.3	88.4	99.1	100.4	95.4	90.2	92.7
1952	99	97	104	100	105	95.3	96.5	92.5	99.6	92.5	106.2	100.1	100.5	95.4	98.4
1953	100	100	101	100	101	98.3	98.2	96.2	99.8	97.3	102.4	99.2	99.3	97.9	98.8
1954	100	100	100	100	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1955	105	104	106	106	102	104.5	103.4	106.0	100.5	103.5	101.3	100.6	103.1	103.9	103.5
1956	111	110	112	111	106	109.7	108.0	110.1	103.9	107.7	108.2	102.5	109.3	109.8	108.8
1957	115	116	113	115	111	113.8	111.1	112.5	106.3	114.9	110.0	104.1	113.6	113.8	112.7
1958	119	119	115	119	110	117.2	114.1	114.0	108.6	128.3	109.9	105.0	115.7	118.8	115.3
1959	117	119	112	117	109	117.8	114.6	115.2	106.3	135.4	107.7	104.5	115.4	120.6	115.8
1960	117	120	112	116	111	119.1	115.4	115.0	107.6	140.2	107.3	106.2	115.1	123.3	116.9
1959 I	118	120	112	117	109	118.6	115.3	115.3	108.5	134.0	110.3	104.1	116.2	119.6	116.3
1959 II	117	119	112	117	109	117.5	114.5	116.0	105.4	134.8	107.4	104.4	115.1	120.1	115.8
1959 III	118	119	113	118	108	117.2	114.3	113.8	105.4	136.0	106.8	104.8	115.7	121.3	115.6
1959 IV	117	119	111	117	110	118.1	114.2	115.6	106.3	136.7	106.5	104.6	114.6	121.4	115.6
1960 I	115	118	110	115	111	118.1	114.8	114.5	105.8	137.5	106.7	105.6	115.5	121.9	115.9
1960 II	116	119	111	116	111	118.8	115.7	116.7	108.2	139.9	107.2	105.8	114.2	123.3	116.9
1960 III	118	121	113	117	111	119.0	115.4	113.8	108.0	140.6	107.6	106.4	114.5	124.0	116.9
1960 IV	119	121	114	117	111	120.3	115.8	115.0	108.1	142.9	107.9	106.7	116.0	123.9	117.6
1961 I					112	120.9									
January					112	120.8	116.2	115.0	108.2	143.7	108.0	107.1	118.7	124.0	
February					112	120.8	116.2	114.7	108.2	144.2	108.1	107.3	118.8	124.3	
March					112	121.2	116.6	114.6	108.2	144.5	108.1	107.5	121.5	125.0	
April					112	121.8									

For explanations and definitions see page 61.

Table 10. Wages, profits and other costs

Index numbers, 1954 = 100

	Weekly wage rates	Wage rates by industry						Income from employment(a)		Profits of companies and public corporations(a)	All property income(a)		Import prices	Materials used in manufacturing industry	Prices of all manufactured products
		Metals, metal-using	Textiles	Mining	Construction	Agriculture, forestry, fishing	Other industries and services	Total	Per unit of output		Total	Per unit of output			
1948	74.6	73.5	73.5	74.6	72.8	75.1	74.9	66.0	78.1	65.3	70.1	83.0	73	..	..
1949	76.7	76.0	77.0	74.7	74.7	77.8	76.9	70.4	80.4	68.2	73.1	83.4	74	..	..
1950	78.1	76.9	79.4	75.5	76.6	79.0	78.4	74.1	81.4	79.2	81.5	89.6	85	..	..
1951	84.6	83.5	87.1	83.3	83.0	84.5	84.7	82.5	88.8	93.6	90.0	96.9	113	..	..
1952	91.6	91.5	93.0	92.4	90.5	91.7	91.6	88.7	96.3	83.8	85.2	92.5	111	..	..
1953	95.8	95.8	96.7	95.5	95.4	95.9	95.9	93.7	97.8	89.9	91.2	95.2	101	..	..
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100	100.0	100.0
1955	106.9	106.8	104.9	107.3	106.2	105.6	106.3	109.3	105.5	109.9	107.4	103.7	103	103.0	102.6
1956	115.4	115.5	110.6	117.7	114.2	113.8	114.7	119.2	114.2	113.7	111.9	107.2	105	106.7	107.0
1957	121.2	121.1	114.9	124.1	120.5	119.1	120.6	126.0	118.5	118.6	116.9	110.0	107	107.4	110.4
1958	125.4	125.4	118.5	126.6	125.5	126.4	125.4	130.7	122.8	116.0	119.1	111.9	99	100.8	111.1
1959	128.7	129.0	120.6	130.4	128.9	130.6	128.7	136.7	122.5	129.9	129.7	116.2	98	101.7	111.5
1960	132.1	130.9	125.6	131.7	132.4	133.9	132.3	146.2	124.5	141.8	139.1	118.5	99	101.8	113.0
1959 I	128.2	128.7	120.0	130.3	128.4	130.6	128.0	133.2	123.3	119.3	122.1	113.1	98	101.4	111.8
1959 II	128.5	129.0	120.6	130.4	129.1	130.6	128.4	136.0	123.1	129.7	129.3	117.0	97	101.2	111.3
1959 III	128.8	129.0	120.7	130.4	129.1	130.6	129.0	137.5	122.2	131.1	130.8	116.3	98	101.6	111.4
1959 IV	129.2	129.1	121.0	130.4	129.1	130.6	129.5	140.1	121.6	139.6	136.5	118.5	100	102.8	111.7
1960 I	130.5	130.1	122.5	130.6	129.2	131.7	130.8	141.3	121.0	148.2	141.2	120.9	100	103.0	111.9
1960 II	131.8	130.8	125.7	130.6	132.2	134.5	132.0	145.8	123.9	144.0	140.0	118.9	99	102.5	112.9
1960 III	132.5	131.0	126.5	131.7	133.8	134.5	132.7	148.4	126.2	139.6	138.3	117.6	98	101.0	113.5
1960 IV	133.5	131.6	127.6	133.8	134.2	134.7	133.8	149.2	126.5	135.1	136.9	116.1	99	100.9	113.8
1961 I	136.0							152.0	128.6				97	100.7	114.6
January	135.7												98	100.6	114.3
February	136.1												97	100.7	114.5
March	136.3												97	100.8	115.0
April													98	101.2	115.1

For explanations and definitions see page 61.

(a) Seasonally adjusted.

Table 11. Personal income and expenditure

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£ million, quarterly averages, seasonally adjusted

	Dispos- able income	Total personal savings	Con- sumers' expend- iture	Consumers' expenditure												All other goods	Services
				Total	Food	Alco- holic drinks	Tobacco	Housing (inc. rent and rates)	Fuel, light	Cloth- ing	Durable goods						
											Cars, motor cycles	Furni- ture, etc.	Radio, electric, etc.				
at current prices				at 1954 prices													
	2,158	28	2,130	2,677	834	201	200	235	109	274	13	56	36	238	482		
	2,277	57	2,220	2,735	866	194	194	234	108	296	16	68	40	260	459		
	2,394	50	2,344	2,813	905	198	196	238	113	307	17	77	45	271	447		
	2,594	66	2,528	2,773	887	204	202	239	117	278	16	71	50	263	446		
	2,818	156	2,662	2,758	878	202	206	244	115	274	23	62	48	264	442		
	3,000	179	2,821	2,874	911	205	209	252	117	281	40	70	60	288	442		
	3,158	144	3,014	3,014	946	205	214	263	122	301	55	77	74	310	448		
	3,440	173	3,267	3,160	971	215	219	257	124	322	75	72	82	337	485		
	3,706	260	3,446	3,192	993	220	222	261	129	336	58	70	74	345	486		
	3,871	245	3,626	3,263	1,010	224	228	264	127	346	67	75	82	353	489		
	4,042	223	3,819	3,347	1,028	224	233	268	137	345	89	80	90	372	483		
	4,247	258	3,989	3,482	1,048	238	238	270	136	360	115	88	107	394	490		
	4,531	371	4,160	3,604	1,069	252	245	275	148	384	132	84	99	423	494		
I	4,013	239	3,774	3,323	1,025	229	231	266	137	341	82	78	87	367	480		
II	4,014	229	3,785	3,319	1,022	221	235	267	139	341	88	76	86	364	480		
III	4,041	223	3,818	3,336	1,030	220	232	268	132	347	85	79	85	374	484		
IV	4,101	202	3,899	3,409	1,035	225	232	269	139	352	101	88	100	381	487		
I	4,133	206	3,927	3,406	1,040	222	230	269	139	350	94	85	101	388	488		
II	4,261	279	3,982	3,503	1,054	239	240	269	135	362	113	91	115	394	491		
III	4,266	288	3,978	3,468	1,049	239	241	271	130	353	109	89	112	386	489		
IV	4,329	260	4,069	3,551	1,047	250	239	271	138	375	145	88	99	409	490		
I	4,393	269	4,124	3,593	1,063	240	246	273	144	372	147	91	112	415	490		
II	4,558	378	4,180	3,632	1,067	257	248	274	141	387	148	88	108	420	494		
III	4,589	436	4,153	3,593	1,063	251	245	275	151	386	135	80	91	421	495		
IV	4,583	400	4,183	3,597	1,082	260	242	277	155	392	99	76	85	434	495		
I	4,630	301	4,329	3,693	1,100	267	251	277	147	398	135	84	100	440	495		

explanations and definitions see page 61.

Table 12. Fixed investment

£ million, 1954 prices, quarterly averages, seasonally adjusted

	Total	Dwellings		Industries and services											Com- mercial vehicles: new registra- tions
		Public	Private	Total	By type of asset			By sector		By industry(a)					'000
					Plant, mach- inery	Vehi- cles, ships, air- craft	Build- ings, works	Public	Private	Manu- fac- turing (b)	Fuel, power (c)	Public services (c)	Trans- port, com- muni- cations(c)	Other indus- tries services (b) (c)	
	510	87	17	406	181	98	127	151	255	121	65	35	46	125	28
	535	86	16	433	202	88	143	166	267	140	70	42	44	123	24
	535	84	16	435	218	78	139	187	248	148	70	45	43	116	23
	537	95	24	418	207	70	141	196	222	142	72	44	40	109	22
	595	113	42	440	209	83	148	212	227	145	81	46	44	121	26
	647	105	56	486	232	91	163	220	266	138	96	48	47	139	29
	679	85	60	534	250	104	180	224	310	161	102	49	49	162	40
	712	77	63	572	256	111	205	236	336	189	97	57	57	160	39
	742	72	63	607	272	117	218	253	354	198	101	61	68	168	36
	751	60	67	624	276	123	225	256	368	188	105	66	67	186	44
	797	61	84	652	280	132	240	282	370	179	116	76	70	198	49
	873	63	101	709	293	146	270	298	411	209	113	84	76	212	58
I	755	65	63	627	276	130	221	265	362	191	110	68	66	187	44
II	748	62	65	621	275	120	226	253	368	191	97	61	66	178	44
III	750	58	68	624	274	122	228	252	372	189	101	65	61	183	44
IV	752	56	73	623	278	119	226	253	370	182	111	69	74	198	45
I	763	61	77	625	271	128	226	261	364	179	109	77	63	194	45
II	790	59	80	651	281	137	233	270	381	177	104	70	62	206	48
III	807	62	87	658	278	134	246	294	364	176	116	78	69	187	51
IV	828	61	93	674	288	130	256	304	370	184	135	80	86	204	53
I	861	63	92	706	294	149	263	312	394	193	129	89	77	214	59
II	856	63	104	689	277	149	263	276	413	200	97	75	69	214	59
III	892	63	103	726	302	144	280	311	415	225	108	83	76	202	57
IV	881	62	105	714	299	142	273	291	423	220	117	87	83	218	58
I															61

explanations and definitions see page 61.

cluding legal fees, etc. (which are included in the other columns) of which the industry distribution is not known.
 figures from 1956 onwards are on a business unit basis and are not fully comparable with those for earlier years.
 ot seasonally adjusted.

Table 13. Contractors' orders and work done
£ million, 1954 prices, quarterly averages

	Total	New housing	Other new work		
			Public	Industrial	Miscellaneous
Orders received by contractors					
1957	294	118	86	47	43
1958	276	115	81	40	40
1959(a) I	354	172	87	47	48
II	346	146	95	55	50
III	325	147	82	48	48
IV	380	161	107	60	52
1960 I	422	176	116	72	58
II	399	158	105	79	56
III	390	156	97	72	65
IV	415	170	108	74	63
Work done by contractors(b)					
1955	275	129	67	50	29
1956	301	128	76	61	36
1957	303	123	81	59	40
1958	301	114	88	57	42
1959(a) I	325	124	95	60	46
II	322	122	96	59	45
III	339	131	98	62	48
IV	339	134	93	62	50
1960 I	344	136	92	66	50
II	356	142	90	71	53
III	362	143	93	76	54
IV	373	140	96	79	58

For explanations and definitions see page 61.

(a) From the beginning of 1959 the figures are given according to the Revised Standard Industrial Classification 1958.

(b) Seasonally adjusted.

Table 14. Changes in the volume of stocks
£ million, 1954 prices, quarterly averages, seasonally adjusted

	Total stocks	Manufacturing and distribution						
		Total	Manufacturing				Distribution	
			Total	Materials and fuel ^(b)	Work in progress (^b)	Finished goods ^(b)	Whole- sale	Retail
Value at end 1960 ^(a)	9.1	6.8	5.1	2.1	1.7	1.3	0.8	0.9
1955	+72	..	+63	+26	+ 8	+29	..	+ 9
1956	+66	+59	+55	+13	+25	+17	+ 3	+ 5
1957	+64	+65	+43	+12	+19	+12	+11	+10
1958	+25	+21	+12	-21	+ 5	+28	+ 4	+ 4
1959	+30	+24	+14	+ 9	+ 6	- 1	+ 4	+11
1960		+135	+115	+49	+30	+37	+12	+ 9
1957 I	+130	+110	+62	+36	+28	+43	+27	+16
II	+85	+72	+33	-30	+55	+28	+22	+12
III	+25	+54	+54	+38	+27	-32	- 7	+ 3
IV	+15	+25	+23	+ 3	-35	+11	+ 2	+10
1958 I	+40	+28	+23	-22	+18	+74	- 5	+ 2
II	-19	-23	- 3	-61	+17	+63	-18	- 4
III	+51	+65	+29	+14	+ 3	-15	+24	+ 8
IV	+30	+14	—	-13	-20	- 9	+15	+ 9
1959 I	-33	-45	-41	- 3	- 3	+14	+15	- 7
II	+33	+ 3	-25	- 1	+12	-15	—	+33
III	+25	+28	+35	+39	+12	-41	+ 2	- 3
IV	+95	+108	+87	- 1	+ 4	+39	—	+21
1960 I	+ 74	+ 81	+54	+29	+18	+56	- 1	+28
II	+158	+153	+110	+46	+57	+28	+11	+32
III	+137	+146	+146	+95	+21	+ 2	+21	-21
IV		+161	+151	+25	+23	+61	+15	—

For explanations and definitions see page 61.

(a) £ billion. (b) Unadjusted.

Table 15. Finance

£ million, quarterly rates

	Hire purchase			Bank advances(a)				Marketable debt of the public sector(a)				Short term interest on treasury bills, per cent	
	New credits extended	Repayments	Change in debt	Total	Industry and transport	Finance	Personal and professional	Treasury bills		Gilt-edged stocks		London	New York
								Banking	Private and overseas	Banking	Private and overseas		
£ mn., at end-1960	935(b)	..	..	3,570	1,334	462	682	1,038	..	1,488	..	..	..
1954	..	..	..	+ 54	+ 23	+ 9	+ 5	..	..	..	..	1.794	0.953
1955	..	..	..	+ 6	+ 8	0	- 4	+ 20	..	- 104	..	3.753	1.753
1956	..	..	..	- 13	+ 12	- 1	- 12	+ 2	..	- 15	..	4.945	2.658
1957	..	..	..	0	0	- 2	0	+ 35	- 37	+ 17	- 24	4.814	3.267
1958	161	134	+ 27	+ 73	+ 28	+ 7	+ 17	- 58	+ 66	+ 9	+ 26	4.563	1.839
1959	231	158	+ 73	+ 195	+ 45	+ 41	+ 49	+ 7	+ 29	- 112	+ 36	3.375	3.405
1960	206	184	+ 22	+ 142	+ 65	+ 16	+ 25	- 51	+ 40	- 125	+ 162	4.887	2.928
1959 I	206	150	+ 56	+ 245	+ 71	+ 45	+ 53	- 318	- 263	- 196	+ 136	3.173	2.800
II	248	157	+ 91	+ 213	+ 71	+ 47	+ 51	+ 144	- 56	- 136	+ 119	3.344	3.019
III	233	156	+ 77	+ 180	+ 14	+ 47	+ 56	+ 140	+ 242	- 30	- 58	3.475	3.533
IV	238	169	+ 69	+ 143	+ 25	+ 27	+ 38	+ 63	+ 192	- 87	- 53	3.479	4.299
1960 I	240	180	+ 60	+ 242	+ 78	+ 54	+ 57	- 281	+ 18	- 236	- 38	4.397	3.943
II	230	183	+ 47	+ 213	+ 80	+ 35	+ 43	+ 10	+ 18	- 150	+ 167	4.706	3.092
III	182	186	- 4	+ 59	+ 26	- 2	+ 11	+ 46	+ 45	- 84	+ 327	5.566	2.390
IV	171	188	- 17	+ 55	+ 74	- 22	- 9	+ 23	+ 79	- 28	+ 190	4.851	2.361
1961 I	201	202	- 1	+ 147	+ 112	+ 7	+ 9	- 229	-	- 96	-	4.348	2.387
January	173	194	- 21					+ 101				4.250	2.302
February	196	214	- 18					- 214				4.317	2.481
March	233	197	+ 36					- 117				4.478	2.377

For explanations and definitions see page 61.

(a) Change in period. (b) All H.P. credits outstanding.

Table 16. Balance of payments : United Kingdom and sterling area

51

£ million

£ million															
U.K. current transactions				U.K. long-term capital		Balancing item	U.K. short-term capital, etc.					Sterling-area balance with non-sterling world			
Imports	Exports	Invisibles	Balance	Inter-Government etc.	Other		Overseas sterling holdings			Reserves (a)	Other short-term capital	U.K. current balance	Overseas sterling area		
							Countries		Non-territorial				Current balance	Net capital receipts	
							Sterling area	Other							
	2,959	2,831	+355	+227	—	—180	+48	—103	—255	+1	+175	+87	—121	—75	+257
	2,896	2,677	+398	+179	—31	—210	+45	+233	+41	—56	—240	+39	+27	+146	+151
	3,020	2,825	+399	+204	—20	—220	+19	+107	+103	—35	—87	—71	—56	+22	+152
	3,432	3,076	+264	—92	—53	—130	+119	—58	—69	—7	+229	+61	—287	+7	+136
	3,466	3,402	+256	+192	—51	—190	+112	—34	—120	+200(b)	—42(b)	—67	—154	+59	+158
	3,570	3,543	+256	+229	+67 (c)	—250	+161	—122	—27	—24	—13(c)	—21	—131	—184	+141
	3,330	3,392	+229	+291	—49	—130	+99	—89	+169	—22	—284	+15	—177	—313	+362
	3,578	3,509	+120	+51	—353 (e)	—142	+64	+185	—31	+82(d) (e)	+119(d) (e)	+25	—215	+61	+215
	4,077	3,711	+22	—344	—100	—101	+377	—224	+604	—156	—177	+121	—644	—399	+366
I	837	877	+77	+117	—1	—10	+92	—69	+39	+5	—177	+4	..	..	..
II	793	818	+56	+81	—14	—35	+29	—2	+33	—19	—110	+37	..	..	..
III	830	831	+76	+77	+2	—63	+4	—45	+39	+5	—15	—4	..	..	..
IV	870	866	+20	+16	—36	—22	—26	+27	+58	—13	+18	—22	..	..	..
I	850	841	+24	+15	—19	—30	+91	+55	—71	—85(d)	—25(d)	+69	—26	+16	+175
II	880	885	+67	+72	—178(e)	—42	—25	+75	—33	+171(e)	—12(e)	—28			
III	878	832	+52	+6	—21	—51	+44	+28	+36	—4	—40	+2	—89	+45	+40
IV	970	951	—23	—42	—135(f)	—19	—46	+27	+37	—	+196(f)	—18			
I	1,012	966	+9	—37	—17	—22	+101	—34	+19	—17	—16	+23	—216	—86	+107
II	1,021	941	+38	—42	—21	—51	+40	+4	+118	—27	—40	+19			
III	997	858	—9	—148	—15	—31	+124	—97	+226	—57	—77	+75	—428	—313	+259
IV	1,047	946	—16	—117	—47	+3	+112	—97	+241	—55	—44	+4			
I	1,030	985									+75				

Explanations and definitions see page 62.

plus sign denotes a fall in the reserves and a minus sign a rise.

K acquired U.S. dollars to the value of £201 million from the International Monetary Fund (I.M.F.) in exchange for sterling.

K borrowed £89 million from Export/Import Bank.

K repurchased from I.M.F. with U.S. dollars, sterling to the value of £71 million.

K paid to I.M.F. a subscription of £232 million (£174 million in sterling and £58 million in gold).

K repaid £89 million to Export/Import Bank.

Table 17. U.K. imports and exports and changes in imported stocks

Quarterly averages

	Imports				Exports (exc. re-exports)				Adjusted balance of visible trade (a) (b)	Terms of trade import/export	Stock changes of mainly imported commodities				
	Value c.i.f.		Volume		Value f.o.b.		Volume				Total	Total	Food and tobacco	Industrial materials	Fuel
	As recorded	Adjusted (a)	As recorded	Adjusted (a)	As recorded	Adjusted (a)	As recorded	Adjusted (a)							
	£mn.	1954 = 100	£mn.	1954 = 100	£mn.	1954 = 100	£mn.	1954 = 100			Current prices	1954 prices, £mn. c.i.f.			
	645	645	89	89	538	538	101	100	- 87	100	-30.3	-33.4	-14.1	-20.1	+ 0.8
	970	970	100	100	642	642	100	98	-297	113	+32.0	+19.7	+10.4	+ 2.0	+ 7.3
	864	864	92	92	642	642	94	92	-187	106	+20.8	+20.5	+ 2.1	+13.4	+ 5.0
	830	830	99	99	639	639	96	94	-165	100	+22.0	+16.9	+ 9.6	+ 3.8	+ 3.5
	838	838	100	100	662	672	100	100	-142	100	- 5.0	- 5.0	- 2.1	- 5.7	+ 2.8
	965	965	112	112	719	709	107	104	-227	101	+ 2.0	+ 2.0	- 4.5	+ 1.8	+ 4.7
	965	974	111	112	786	781	113	111	-157	99	-13.3	-12.1	- 0.6	-10.9	- 0.6
	1,011	1,003	115	114	824	822	116	114	-149	96	+25.2	+21.9	+ 5.9	+ 8.0	+ 8.0
	937	936	114	114	794	794	111	110	-108	90	- 1.3	- 1.0	- 0.3	- 1.5	+ 0.8
	996	997	122	123	833	833	116	114	-131	90	+ 2.9	+ 4.0	- 2.5	- 2.7	+ 9.3
	1,140	1,140	137	138	889	889	122	120	-216		+25.9	+26.8	+ 5.5	+15.9	+ 5.4
I	941	965	117	120	792	783	111	108	-152	90	- 7.2	+ 2.5	+13.6	-10.6	- 0.4
II	983	960	123	120	845	829	118	114	- 96	89		-19.1	-33.0	-10.0	+23.9
III	984	996	119	121	790	837	111	116	-130	90	+10.2	+ 8.7	-18.1	+15.1	+11.6
IV	1,082	1,074	130	130	903	881	125	120	-159	91		+23.4	+27.3	- 4.6	+ 0.7
I	1,125	1,107	136	134	925	915	127	124	-162	90	+ 1.8	- 2.6	+10.0	-10.9	- 1.7
II	1,141	1,125	140	137	904	885	124	120	-207	88		+11.5	- 9.9	+ 9.8	+11.6
III	1,119	1,155	135	138	818	870	113	119	-246	88	+50.5	+48.2	-15.6	+50.5	+13.3
IV	1,173	1,170	..	140	909	886	125	120	-249	88		+49.8	+37.6	+14.0	- 1.7
I	1,157	1,155		143	938	927	128	125	-192	87					
ary	1,213	1,194	..	148	990	955	..	129	-204	88					
uary	1,059	1,149	..	142	891	922	..	125	-195	87					
ch	1,197	1,125	..	139	930	903	..	122	-186	87					
I	1,066	1,077		133	956	918		125	-123	88					

Explanations and definitions see page 62.

adjusted for dock strikes and other statistical disturbances as well as for seasonal movements and for the different number of working days. Exports exclude

ease silver. (b) Exports and re-exports less imports.

Table 18. Volume of U.K. imports, by commodity

Index numbers(a), 1954 = 100

	Food and beverages	Tobacco	Basic materials					Fuels		Semi-manufactures and manufactures mainly for industrial use				Finished manufactures	
			Total	Textile materials	Wood	Pulp	Ores and scrap	Total	Petroleum and products	Total	Iron and steel	Non-ferrous metals	Textile manufactures	Total	Machinery
Value 1960 £mn	1,441	104	1,063	267	187	122	167	483	482	906	101	279	136	542	255
1950	92	97	97	110	77	72	88	65	68	86	139	78	121	74	80
1951	101	113	102	96	120	87	82	86	88	111	150	91	152	76	86
1952	91	71	90	88	83	73	90	83	87	97	352	103	71	107	142
1953	102	104	101	110	101	82	95	90	94	86	198	85	65	115	118
1954	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1955	107	111	106	98	114	118	112	121	107	126	363	109	107	122	124
1956	109	102	102	100	92	113	114	115	112	121	379	101	120	136	137
1957	114	103	106	101	101	112	126	114	115	122	215	110	129	152	145
1958	120	101	94	89	89	111	94	124	129	119	139	114	124	166	153
1959	120	97	100	103	98	120	91	143	151	135	136	121	149	201	178
1960	123	118	109	92	119	146	134	157	165	172	311	149	196	287	218
1959 I	128	42	93	110	59	114	74	134	140	120	96	115	135	166	161
II	121	78	100	109	90	115	76	154	162	131	149	121	135	205	191
III	111	105	101	85	135	114	104	144	151	134	134	121	146	209	171
IV	122	163	107	106	108	137	110	142	150	153	163	128	179	225	188
1960 I	127	74	107	111	70	143	118	159	167	166	227	146	196	276	208
II	124	70	108	95	108	148	131	154	162	177	370	154	190	327	228
III	113	131	112	77	165	139	153	151	159	175	400	153	187	268	208
IV	126	197	110	85	132	155	133	162	171	172	247	143	211	278	227
1961 I	127	66	111	109	82	156	122	179	189	181	208	147	227	296	252

For explanations and definitions see page 62.

(a) Unadjusted.

Table 19. Volume of U.K. exports, by commodity and area

Index numbers, 1954 = 100, seasonally adjusted

	By commodity											By area			
	Food, bever- ages, tobacco	Basic mater- ials, fuels	Manufactures									Overseas sterling area	North America	Western Europe	Other countries
			Total	Metals and engineering					Textiles	Chemi- cals	Other manu- factures (a)				
				Total	Metals	Metal goods (a)	Machin- ery	Trans- port equip- ment							
Value 1960 £mn	197	258	3,001	2,044	314	207	946	578	261	317	379	1,428	543	1,030	554
1950	93	78	106	102	106	101	99	105	125	79	121	93	104	93	124
1951	95	61	105	100	80	103	104	101	126	92	118	101	99	89	108
1952	91	77	96	98	84	97	106	93	94	77	100	91	95	88	108
1953	94	93	96	97	94	105	100	92	103	79	97	93	111	95	97
1954	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1955	106	100	109	110	113	114	110	106	96	117	112	106	113	106	110
1956	115	103	115	118	126	110	117	121	92	126	113	104	136	114	126
1957	124	96	118	121	139	105	120	123	92	137	113	105	143	114	139
1958	121	98	113	118	135	90	114	127	79	135	112	101	152	106	128
1959	121	106	117	121	148	89	118	128	79	155	115	96	187	116	132
1960	125	109	124	127	147	98	128	128	80	181	120	101	176	129	145
1959 I	102	106	110	114	135	82	110	124	74	142	110	90	168	108	136
II	119	107	118	121	130	92	118	135	81	156	115	96	192	113	128
III	130	101	118	122	162	86	119	124	79	164	110	96	196	119	130
IV	131	110	123	127	164	96	123	128	82	160	126	101	192	123	136
1960 I	126	117	127	132	160	95	128	142	85	168	117	100	207	128	152
II	122	107	125	128	146	101	126	135	80	181	119	102	176	127	143
III	125	101	121	123	141	92	128	122	78	188	117	104	155	127	143
IV	129	111	123	124	141	104	131	114	76	189	126	100	165	133	142
1961 I	125	110	129	132	151	100	147	115	78	203	122	106	153	138	155
January												114	152	137	158
February												103	165	138	152
March												100	142	138	155

For explanations and definitions see page 62.

(a) Unadjusted.

Table 20. World industrial production

53

Index numbers, 1953 = 100, seasonally adjusted

	World (a) (b)	USA	Canada	EEC	West Ger- many	France	Italy	Belgium	Nether- lands	EFTA (c)	UK	Sweden	Latin America (a)	Japan (a)	USSR
ht(d)	1,000	516	34	167	68	45	27	14	11	123	92	13	40	21	—
	84	84	83	81	72	89	78	93	88	94	94	95	90	55	69
	91	90	90	92	85	99	89	106	91	98	98	100	97	77	80
	93	93	94	94	91	98	91	101	91	95	94	98	98	83	90
	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
	101	93	100	110	112	109	109	106	110	108	108	104	107	108	114
	112	104	110	122	129	117	119	116	118	115	114	111	117	116	128
	117	109	120	132	139	128	128	123	124	116	114	115	127	144	141
	121	110	120	140	147	139	138	123	127	119	116	119	137	167	156
	118	102	119	144	152	145	143	115	127	118	114	122	145	168	172
	130	116	128	153	162	152	158	119	139	126	122	127	147	208	193
		119	130	171	180		182	126	157	134	130	135		261	
I	125	112	125	149	156	151	152	114*	133	119	116	125	142	188	
II	132	120	129	153	159	157	153	118	138	122	119	125	151	201	
III	127	115*	128	156	163	160	157	120	140	126	122	127	147	212	
IV	136	115	131	165	171	169	170	126	144	131	127	132	149	228	
I	136	121	133	168	176	168	177	125	153	133	129	133	150	247	
II	139	120	130	171	179	170	181	127	160	134	131	133	157	254	
III	133	119	128	173	179	176	185	127	155	135	131	137		262	
IV		115	129	176	184	178	186	123*	160	135	130	139		280	
I		112			192									295	
Nov.		116	129	177	185	179	188	129	158	134	128	141		278	
ber		113	128	176	186	178	187	115*	163	135	130	140		289	
Jan.		112	129	178	192	179	189		162	133	128	142		270	
ary		112			191	179	188		165			144		293	
1		115			194									322	

planations and definitions see page 62.

(a) Seasonally adjusted. (b) Excludes the Sino-Soviet Bloc (see page 59) (c) Excludes Switzerland. (d) In world total.

Table 21. The United States(a)

Quarterly averages, seasonally adjusted (b)

	Gross national product	Consumers' expenditure		Public spending on goods and services		Gross private fixed investment		Value of physical changes in stocks	Net foreign investment	Durable goods		Building and contracting orders	Unemployment (c)	Employment (b)	Consumer prices (b)
		Durable goods	Other goods and services	Federal	Other	Dwellings	Other			Manufacturers' sales	Manufacturers' new orders				
\$ billion, at constant 1954 prices										\$ billion at current prices		per cent	millions	1954 = 100	
	79.5	8.25	46.2	5.4	5.88	3.88	8.30	1.80	0.05	26.41	30.95	4.6	5.0	59.96	89.5
	85.5	7.30	47.4	9.8	6.03	3.23	8.80	2.43	0.55	31.13	38.03	5.0	3.0	61.01	96.7
	88.4	7.13	49.0	13.3	6.13	3.20	8.75	0.65	0.05	32.81	35.06	5.3	2.7	61.04	98.9
	92.3	8.28	50.5	14.7	6.38	3.40	9.13	0.13	-0.23	37.13	33.10	5.6	2.5	61.95	99.7
	90.8	8.10	51.4	11.9	6.93	3.85	8.78	-0.40	0.25	33.71	30.47	6.3	5.0	60.89	100.0
	98.2	9.90	54.1	10.9	7.43	4.55	9.55	1.53	0.23	39.24	41.56	7.6	4.0	62.94	99.7
	100.2	9.50	56.6	10.4	7.65	4.05	10.28	1.13	0.63	41.42	43.33	7.9	3.8	64.71	101.2
	102.2	9.63	58.2	10.8	8.05	3.83	10.28	0.40	0.95	42.48	39.26	8.0	4.3	65.01	104.7
	100.3	8.90	59.5	11.1	8.70	4.05	8.58	-0.55	0.05	37.21	36.43	8.8	6.8	63.97	107.6
	107.0	10.20	62.2	10.9	9.15	4.85	9.08	1.30	-0.60	43.57	44.81	9.1	5.5	65.58	108.6
	109.8	10.32	63.9	10.4	9.70	4.51	9.86	0.80	0.39	44.08	42.62	9.1	5.6	66.68	110.2
I	105.7	9.83	61.2	11.1	9.20	4.83	8.65	1.70	-0.68	41.81	44.14	9.1	6.0	63.09	107.8
II	108.6	10.40	62.1	11.1	9.20	5.10	9.08	2.53	-0.95	46.45	47.17	9.7	5.1	66.12	108.4
III	106.6	10.30	62.4	10.9	9.25	4.90	9.28	—	-0.43	43.51	44.21	9.1	5.4	67.06	108.9
IV	107.3	10.28	62.9	10.6	9.05	4.58	9.30	0.95	-0.38	42.54	43.59	8.8	5.8	66.06	109.3
I	110.1	10.45	63.3	10.5	9.45	4.58	9.53	2.45	-0.03	46.29	43.63	8.4	5.1	64.27	109.4
II	110.6	10.48	64.1	10.5	9.65	4.55	9.95	1.20	0.18	44.94	43.49	8.8	5.1	67.32	110.0
III	109.5	10.05	64.2	10.3	9.80	4.50	10.00	0.15	0.55	43.73	42.87	9.3	5.7	68.24	110.4
IV	109.3	10.30	64.1	10.4	9.90	4.40	9.95	-0.60	0.85	41.38	40.48	10.1	6.5	66.90	111.0
I	107.9	9.42	64.3	10.7	10.15	4.04	9.41	-0.98	-0.95	39.85	39.74		6.8	64.90	
										39.51	38.64	9.5	6.6	64.50	111.0
										39.84	40.08	8.3	6.8	64.70	111.1
										40.20	40.50		6.9	65.50	

planations and definitions see page 63.

(a) The U.S. index of industrial production is shown in table 20. (b) Employment and consumer prices are not seasonally adjusted. (c) Per cent of civilian labour

Table 22. Industrial countries : imports by volume and import and export prices

Index numbers, 1953 = 100

	Volume of imports						Import prices				Export prices				
	U.S.A.	U.K.	OEEC. incl. U.K.		West Germany	France	U.S.A.	U.K.	West Germany	France	U.S.A.	U.K.	West Germany	France	Japan
			From outside	Intra-trade											
1950	92	90	92	84	72	90	88	84	98	87	88	84	78	82	82
1951	91	101	98	92	75	101	111	112	123	114	101	99	98	96	122
1952	96	93	96	90	90	100	105	110	113	111	100	104	103	103	100
1953	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1954	93	101	107	112	123	109	103	99	98	99	99	99	98	94	97
1955	103	113	120	127	152	123	102	102	100	98	100	101	98	95	97
1956	112	112	130	136	171	143	104	104	102	99	103	105	101	100	96
1957	115	116	138	145	192	151	105	106	103	104	107	110	103	102	97
1958	119	116	139	144	205	150	100	98	95	95	106	109	103	98	91
1959	142	124	146	165	247	147	98	97	91	88	107	108	100	90	91
1960	137	140			294	176	100	98	91	91	108	110	101	94	94
1958 I	115	114	138	140	197	160	102	98	98	96	107	109	104	98	93
1958 II	115	112	136	142	190	163	101	98	96	95	106	109	103	99	91
1958 III	115	115	136	141	208	134	100	97	93	96	105	109	102	98	90
1958 IV	131	122	146	154	227	143	99	98	93	94	106	108	101	96	89
1959 I	134	118	139	146	209	140	98	97	92	87	107	108	101	87	89
1959 II	144	125	148	161	243	151	98	96	90	88	107	108	101	90	90
1959 III	143	121	144	159	252	132	98	97	90	88	107	107	100	90	91
1959 IV	146	132	159	190	284	166	99	99	90	89	108	109	100	92	93
1960 I	142	138	173	190	277	184	100	99	91	90	108	110	100	95	94
1960 II	141	142	171	194	290	179	100	98	92	90	107	110	101	95	94
1960 III	132	136	168	190	285	159	100	97	91	94	108	110	101	94	94
1960 IV	131	142			324	180	99	98	90	90	108	110	102	93	95
1961 I		145						96	90			111	104		94

For explanations and definitions see page 63.

Table 23. Industrial countries' exports of manufactures

	Volume							Value, total	Shares					
	Total	U.S.A. (a)	U.K.	West Germany	France	Japan	Others (b)		U.S.A. (a)	U.K.	West Germany	France	Japan	Others (b)
	Index numbers, 1953 = 100								\$ bn., quarterly averages	Per cent of total value				
1950	86	86	110	42	98	81	84	5.0	27.3	25.5	7.3	9.9	3.4	26.6
1951	100	103	109	72	118	89	100	7.0	26.6	21.9	10.0	10.0	4.3	27.2
1952	98	102	100	89	95	94	98	6.9	26.2	21.5	12.0	9.2	3.8	27.3
1953	100	100	100	100	100	100	100	6.9	25.9	21.2	13.3	9.0	3.8	26.8
1954	111	106	104	124	110	140	108	7.4	25.2	20.3	14.8	9.0	4.7	26.0
1955	125	115	113	149	123	186	122	8.5	24.5	19.6	15.4	9.3	5.1	26.1
1956	136	128	120	174	114	222	133	9.6	25.3	19.0	16.4	7.8	5.7	25.8
1957	146	135	123	202	128	250	140	10.7	25.4	18.0	17.5	8.0	6.0	25.1
1958	145	122	118	213	139	255	143	10.5	23.3	17.8	18.6	8.6	6.0	25.7
1959	157	117	122	234	170	303	160	11.3	21.2	17.4	19.1	9.2	6.7	26.5
1960	178	135	129	267	195	345	185	13.1	21.6	16.1	19.4	9.7	6.9	26.4
1958 I	141	123	121	195	134	255	135	10.3	24.2	18.6	17.4	8.5	6.1	25.2
1958 II	144	127	115	210	130	246	142	10.4	24.4	17.5	18.1	8.3	5.8	25.9
1958 III	141	113	116	214	125	239	141	10.1	22.3	18.1	19.6	8.1	5.9	26.0
1958 IV	154	123	120	230	165	279	153	11.1	22.5	17.0	19.1	9.5	6.1	25.8
1959 I	143	115	116	205	149	263	139	10.2	23.1	18.4	18.3	8.7	6.2	25.3
1959 II	158	123	125	230	174	290	157	11.4	21.9	17.8	18.6	9.5	6.4	25.8
1959 III	155	115	117	232	159	305	161	11.1	21.1	16.9	19.5	8.8	6.9	26.8
1959 IV	174	117	130	269	198	352	182	12.7	19.3	16.6	19.9	9.8	7.1	27.4
1960 I	173	127	134	254	209	294	179	12.8	20.8	17.1	18.9	10.6	6.1	26.5
1960 II	178	145	133	257	193	328	181	13.2	22.9	16.5	18.5	9.6	6.5	26.0
1960 III	173	133	120	260	174	354	183	12.5	22.2	15.5	19.4	8.9	7.5	26.5
1960 IV	190	136	129	297	204	404	200	13.9	20.6	15.2	20.6	9.6	7.5	26.5
1961 I			137	265				13.3	21.2	16.8	19.7	9.9	6.4	26.0

For explanations and definitions see page 63.

(a) Excluding special category.

(b) Belgium-Luxembourg, Canada, Italy, Netherlands, Sweden and Switzerland.

Table 24. Merchandise trade of primary producing countries

\$ billion, quarterly averages, seasonally adjusted

	Total			Overseas sterling area (excluding oil producers)			Latin America excluding Venezuela			Oil producing countries					
	Exports	Imports	Balance	Exports	Imports (a)	Balance	Exports (a)	Imports	Balance	Sterling			Non-Sterling		
										Exports	Imports (a)	Balance	Exports (a)	Imports	Balance
	4.99	5.65	-0.66	2.05	2.43	-0.38	1.36	1.35	—	0.12	0.12	—	0.58	0.47	+0.11
	4.86	5.68	-0.82	2.04	2.55	-0.51	1.15	1.15	—	0.14	0.13	+0.02	0.65	0.48	+0.17
	5.57	5.30	+0.27	2.24	2.23	+0.01	1.41	1.24	+0.17	0.19	0.14	+0.05	0.72	0.46	+0.26
	7.06	7.36	-0.30	2.99	3.20	-0.21	1.61	1.77	-0.16	0.26	0.16	+0.10	0.83	0.55	+0.28
	6.18	7.28	-1.10	2.51	2.97	-0.46	1.40	1.71	-0.31	0.29	0.17	+0.12	0.77	0.59	+0.18
	6.30	6.42	-0.12	2.41	2.51	-0.10	1.54	1.41	+0.14	0.31	0.19	+0.12	0.81	0.59	+0.22
	6.50	6.81	-0.31	2.41	2.67	-0.26	1.55	1.60	-0.05	0.34	0.21	+0.13	0.94	0.65	+0.29
	6.94	7.39	-0.45	2.61	3.01	-0.40	1.53	1.62	-0.09	0.39	0.22	+0.16	1.07	0.72	+0.35
	7.32	7.83	-0.51	2.73	3.18	-0.45	1.63	1.67	-0.04	0.40	0.22	+0.18	1.16	0.81	+0.35
	7.60	8.78	-1.18	2.85	3.51	-0.65	1.57	1.87	-0.30	0.44	0.24	+0.20	1.25	1.02	+0.23
	7.21	8.28	-1.08	2.54	3.31	-0.77	1.47	1.73	-0.26	0.50	0.25	+0.24	1.31	0.96	+0.35
	7.59	8.09	-0.49	2.88	3.37	-0.50	1.49	1.59	-0.10	0.49	0.26	+0.23	1.30	0.93	+0.37
	7.88	8.90	-1.02	3.04	3.89	-0.85	1.50	1.76	-0.26	0.52	0.29	+0.23	1.36	0.85	+0.51
I	7.30	8.55	-1.25	2.61	3.43	-0.82	1.46	1.81	-0.35	0.49	0.25	+0.24	1.29	0.97	+0.32
II	6.99	8.27	-1.28	2.44	3.29	-0.85	1.46	1.76	-0.29	0.50	0.25	+0.24	1.24	0.96	+0.27
III	7.14	8.03	-0.89	2.57	3.16	-0.60	1.42	1.71	-0.29	0.48	0.25	+0.23	1.31	0.95	+0.37
IV	7.40	8.29	-0.89	2.56	3.37	-0.81	1.53	1.66	-0.13	0.52	0.26	+0.27	1.39	0.95	+0.44
I	7.26	7.63	-0.37	2.57	3.13	-0.56	1.46	1.47	-0.01	0.49	0.26	+0.23	1.39	0.94	+0.45
II	7.55	8.10	-0.55	2.83	3.39	-0.56	1.53	1.59	-0.06	0.48	0.26	+0.22	1.22	0.93	+0.29
III	7.71	8.16	-0.44	2.98	3.34	-0.36	1.57	1.68	-0.11	0.47	0.26	+0.21	1.25	0.92	+0.33
IV	7.85	8.46	-0.61	3.12	3.63	-0.51	1.39	1.61	-0.22	0.51	0.27	+0.24	1.36	0.93	+0.43
I	8.02	8.71	-0.69	3.10	3.71	-0.60	1.32	1.79	-0.21	0.50	0.27	+0.23	1.36	0.88	+0.48
II	8.06	9.03	-0.98	3.10	3.92	-0.82	1.48	1.80	-0.32	0.52	0.28	+0.24	1.36	0.87	+0.50
III	7.79	8.90	-1.11	3.07	3.93	-0.86	1.53	1.76	-0.23	0.50	0.30	+0.20	1.35	0.83	+0.52
IV	7.66	8.97	-1.31	2.89	3.98	-1.09	1.48	1.77	-0.28	0.55	0.32	+0.23	1.37	0.83	+0.57

Explanations and definitions see page 63.

Seasonally adjusted; no seasonal pattern.

Table 25. The sterling area countries : Australia and New Zealand

	Australia									New Zealand					
	Factory production (a)	Civil employ- ment	Bank advances (b) (c)	Personal con- sump- tion (a) (d)	Private fixed invest- ment (a) (d)	Merchandise trade, \$ mn. (b) (d)			Reserves (e)	Bank advances (b) (f)	Retail sales (b) (d)	Merchandise trade, \$ mn. (b) (d)			Reserves (e)
						Exports	Imports	Balance				Exports	Imports	Balance	
	1953/4 = 100	'000	£A mn.	£A mn.	£A mn.				\$ mn.	£NZ mn.	£NZ mn. at 1957/8 prices				\$ mn.
	100	2,712	719	702	185	414	467	- 53	936	157	110	171	172	- 1	238
	109	2,801	807	777	217	437	540	-103	667	183	114	181	200	-19	178
	116	2,852	783	828	234	472	491	- 19	712	171	115	194	188	+ 6	200
	121	2,868	755	874	237	551	486	+ 65	1,055	165	121	193	208	-15	152
	128	2,896	806	933	259	415	510	- 95	907	175	122	150	199	-49	187
	136	2,948	795	980	270	500	531	- 31	1,005	170	120	205	162	+43	217
	148	3,042	879	1,064	312	492	678	-186	746	178	133	211	195	+16	177
I	..	2,926	803	945	259	463	486	- 23	902	166	114	192	148	+44	217
II	..	2,941	785	996	284	487	517	- 30	967	166	120	193	160	+33	249
III	..	2,948	791	1,017	289	532	522	+ 10	942	169	121	203	157	+46	271
IV	..	2,977	803	1,116	313	520	599	- 79	1,005	162	124	233	182	+51	217
I	138	3,009	824	1,031	301	536	614	- 78	1,012	171	132	244	185	+59	235
II		3,033	856	1,091	345	485	636	-151	1,015	174	131	198	190	+ 8	298
III		3,050	907	1,102	350	511	708	-197	849	182	135	223	197	+26	277
IV		3,076	927	1,191	357	435	755	-320	746	187	135	181	209	-28	177
I						546	722	-176							160
Oct.	160	3,065	923						810	183					251
Nov.	164	3,081	926						778	191					212
Dec.	165	3,081	931						746	187					177
Jan.			925						709	194					151
Feb.									692	207					143
Mar.															160

Footnotes see page 56.

Table 25 (contd.). The sterling area countries : India, Pakistan, Burma, Ceylon, Malaya and Ghana

	Industrial production (b)	Bank advances (b) (e)	India				Pakistan		Burma	Ceylon	Malaya		Ghana	
			Merchandise trade, \$mn. (d)			Reserves (e)	Exports (b) (d)	Reserves (e)	Reserves (e)	Exports (b) (d)	Reserves (e)	Exports (b) (d)	Reserves (e)	Exports (b) (d)
			Exports (b)	Imports	Balance	\$mn.	\$mn.	\$mn.	\$mn.	\$mn.	\$mn.	\$mn.	\$mn.	\$mn.
	1951 = 100	bn. rupees												
1954	113	4.90	295	324	- 29	1,782	90	257	124	95	168	133	428	73
1955	122	5.43	319	353	- 34	1,791	100	294	92	102	205	194	472	61
1956	133	6.54	325	431	-106	1,360	85	313	121	91	221	185	513	56
1957	137	7.48	345	561	-216	872	90	257	93	88	183	178	494	57
1958	140	7.79	305	461	-156	644	76	210	119	90	172	154	501	66
1959	152	8.53	326	494	-168	695	80	298	141	92	132	202	649	72
1960		10.56	333	531	-198	566	98	313	125	96	89	239	784	73
1959 I	147	8.07	282	506	-224	695	56	235	122	82	172	172	532	57
II	145	8.25	318	560	-242	652	78	266	142	99	161	191	564	67
III	154	8.29	337	446	-109	627	91	281	147	89	149	218	602	99
IV	160	8.53	367	462	- 95	695	96	298	141	98	132	227	649	63
1960 I	167	8.86	318	491	-173	661	78	318	131	103	131	241	690	62
II	166	9.36	350	580	-230	578	124	299	160	102	117	252	742	80
III	168	10.34	312	542	-230	540	98	288	143	91	97	247	765	93
IV		10.56	354	512	-158	566	95	313	125	89	89	215	784	57
1961 I						533		336						
1960 Oct	173	10.09				547		291	130		98		771	
November	185	10.34				541		302	131		90		778	
December		10.56				566		313	125		89		784	
1961 Jan.		10.38				557		327	117		86		790	
February						581		341	108		86		804	
March						533		336						
April						506								

Table 25 (contd.). The sterling area countries : Irish Republic, Nigeria, Rhodesia and South Africa

	Irish Republic					Nigeria	Federation of Rhodesia and Nyasaland			Union of South Africa				
	Industrial production (b)	Unemployment (b)	Bank advances (e)	Exports (b) (d)	Reserves (e)	Exports (b) (d)	Industrial production	Exports (b) (d)	Reserves (e)	Employment (b)	Bank advances (e)	Merchandise trade, \$mn. (b) (d)		
	1953 = 100	'000	£mn.	\$mn.	\$mn.	\$mn.	1959 = 100	\$mn.	\$mn.	'000	mn. Rands	Exports	Imports	Balance
1954	103	62	167	81	364	105	..	102	150	..	480	256	359	- 103
1955	108	56	192	78	331	93	..	121	178	..	548	265	370	- 105
1956	105	62	190	76	282	94	..	127	181	..	559	296	381	- 85
1957	104	70	195	92	296	89	..	109	213	1,639	649	324	423	- 99
1958	106	65	203	92	300	95	..	95	207	1,646	614	281	428	- 147
1959	114	60	233	92	317	114	100	131	221	1,656	632	308	376	- 68
1960				107	316	113	108	144	196			314	428	- 114
1959 I	108	62	214	88	316	118	96	114	209	1,654	622	282	353	- 71
II	115	60	222	89	288	116	103	133	221	1,653	634	316	374	- 58
III	118	61	231	91	299	118	101	132	207	1,655	602	320	371	- 51
IV	117	58	233	98	317	106	100	144	221	1,662	632	313	407	- 94
1960 I	120	56	240	105	323	107	107	154	216	1,661	681	325	405	- 80
II	122	52	247	97	285	133	109	141	203	1,661	717	335	433	- 98
III	123	52	252	111	301	118	109	142	200	1,669	741	321	449	- 128
IV				114	316	96	106	140	196			276	424	- 148
1961 I					338									
1960 Oct.		47			309		109				738			251
November		50			310		106				750			237
December					316		104				755			241
1961 Jan.					316		104							249
February					332									260
March					338									259
April														228

For explanations and definitions see page 63.

(a) Annual figures are for 12 months ending in June of specified years.

(b) Seasonally adjusted.

(c) Average in period.

(d) Quarterly rates.

(e) At end of period.

(f) The annual figures are the averages of 52 weeks, whereas the quarterly and monthly figures represent the bank advances at the last Wednesday of the period.

Table 26. Merchandise trade of industrial countries

\$ billion, quarterly averages, seasonally adjusted

Total			USA			Canada			EFTA			UK		
Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
8.02	8.61	-0.59	3.13	1.77	+1.36	0.76	0.66	+0.11	2.47	3.25	-0.78	1.66	2.09	-0.43
8.34	8.56	-0.22	2.98	1.65	+1.33	0.68	0.62	+0.05	2.55	3.23	-0.68	1.71	2.11	-0.40
8.27	9.14	-0.87	2.53	2.19	+0.35	0.73	0.73	—	2.47	2.95	-0.48	1.58	1.82	-0.24
11.63	12.52	-0.89	3.72	2.70	+1.02	0.94	0.97	-0.03	3.15	4.23	-1.08	1.90	2.73	-0.83
11.80	12.22	-0.42	3.76	2.68	+1.07	1.11	1.03	+0.08	3.11	3.88	-0.76	1.91	2.44	-0.52
11.95	12.20	-0.24	3.90	2.69	+1.21	1.06	1.11	-0.05	3.09	3.73	-0.64	1.88	2.34	-0.46
12.38	12.59	-0.21	3.74	2.56	+1.18	1.01	1.05	-0.04	3.25	3.93	-0.68	1.94	2.36	-0.42
13.57	14.25	-0.68	3.85	2.83	+1.01	1.10	1.19	-0.09	3.54	4.48	-0.93	2.12	2.72	-0.60
15.54	16.03	-0.49	4.71	3.12	+1.58	1.24	1.45	-0.22	3.92	4.70	-0.77	2.32	2.72	-0.40
16.94	17.34	-0.40	5.16	3.23	+1.93	1.29	1.47	-0.18	4.16	5.02	-0.86	2.42	2.85	-0.43
16.16	16.07	+0.09	4.42	3.18	+1.24	1.27	1.34	-0.07	4.06	4.71	-0.65	2.35	2.65	-0.30
17.14	17.57	-0.42	4.34	3.75	+0.60	1.36	1.47	-0.11	4.25	5.00	-0.75	2.42	2.79	-0.37
19.55	19.77	-0.22	5.08	3.66	+1.41	1.39	1.42	-0.03	4.63	5.78	-1.15	2.57	3.19	-0.61
16.22	16.13	+0.09	4.50	3.12	+1.38	1.24	1.33	-0.08	4.05	4.66	-0.61	2.35	2.59	-0.23
15.75	15.75	—	4.34	3.15	+1.19	1.20	1.33	-0.13	3.90	4.51	-0.61	2.20	2.50	-0.29
16.15	16.05	+0.10	4.39	3.18	+1.21	1.26	1.29	-0.04	4.09	4.79	-0.70	2.39	2.70	-0.31
16.57	16.53	+0.04	4.62	3.40	+1.21	1.30	1.42	-0.12	4.09	4.82	-0.74	2.33	2.72	-0.38
16.07	16.52	-0.45	4.20	3.50	+0.70	1.23	1.42	-0.19	4.06	4.74	-0.68	2.28	2.70	-0.42
16.75	17.30	-0.55	4.17	3.79	+0.38	1.37	1.49	-0.13	4.20	4.85	-0.65	2.42	2.70	-0.28
17.37	17.77	-0.40	4.42	3.83	+0.59	1.36	1.48	-0.13	4.25	5.03	-0.78	2.43	2.80	-0.37
18.23	18.63	-0.40	4.53	3.83	+0.69	1.48	1.51	-0.02	4.49	5.40	-0.91	2.56	3.03	-0.47
19.57	19.75	-0.18	4.98	3.82	+1.16	1.48	1.49	—	4.68	5.63	-0.95	2.65	3.13	-0.48
19.26	19.56	-0.30	5.05	3.82	+1.23	1.30	1.41	-0.11	4.59	5.68	-1.09	2.57	3.17	-0.60
19.43	19.82	-0.39	5.07	3.64	+1.42	1.41	1.34	+0.07	4.57	5.83	-1.25	2.53	3.25	-0.71
20.10	19.96	+0.15	5.15	3.38	+1.78	1.42	1.45	-0.03	4.71	6.03	-1.31	2.57	3.31	-0.74
			5.22	3.42	+1.81				4.86	5.98	-1.12	2.69	3.24	-0.55

EEC			West Germany			France			Italy			Japan		
Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1.60	2.59	-0.99	0.16	0.39	-0.23	0.50	0.86	-0.36	0.27	0.38	-0.11	0.06	0.17	-0.11
2.00	2.66	-0.66	0.28	0.56	-0.28	0.68	0.82	-0.14	0.28	0.37	-0.10	0.13	0.23	-0.10
2.32	2.81	-0.48	0.49	0.67	-0.18	0.77	0.77	—	0.30	0.37	-0.07	0.20	0.24	-0.04
3.48	3.83	-0.35	0.87	0.88	-0.01	1.06	1.15	-0.10	0.41	0.54	-0.13	0.34	0.51	-0.18
3.50	3.84	-0.34	1.01	0.96	+0.05	1.01	1.14	-0.13	0.35	0.58	-0.23	0.32	0.52	-0.20
3.58	3.78	-0.20	1.11	0.95	+0.16	1.00	1.04	-0.04	0.37	0.60	-0.23	0.32	0.60	-0.28
3.97	4.18	-0.20	1.31	1.14	+0.17	1.08	1.09	-0.01	0.41	0.60	-0.19	0.41	0.60	-0.19
4.57	4.82	-0.25	1.54	1.46	+0.08	1.21	1.18	+0.03	0.46	0.68	-0.21	0.50	0.62	-0.11
5.05	5.62	-0.57	1.84	1.67	+0.17	1.16	1.41	-0.26	0.54	0.79	-0.25	0.62	0.81	-0.18
5.62	6.21	-0.59	2.14	1.88	+0.26	1.27	1.54	-0.27	0.64	0.91	-0.27	0.71	1.07	-0.36
5.68	5.74	-0.05	2.20	1.85	+0.35	1.28	1.40	-0.12	0.63	0.79	-0.16	0.72	0.76	-0.04
6.31	6.05	+0.26	2.45	2.09	+0.36	1.40	1.27	+0.13	0.73	0.84	-0.11	0.86	0.90	-0.04
7.43	7.40	+0.03	2.86	2.54	+0.32	1.72	1.57	+0.14	0.92	1.19	-0.27	1.01	1.12	-0.11
5.68	5.89	-0.21	2.18	1.91	+0.28	1.29	1.43	-0.13	0.63	0.82	-0.19	0.74	0.80	-0.06
5.60	5.71	-0.10	2.19	1.80	+0.39	1.23	1.43	-0.20	0.66	0.80	-0.14	0.70	0.71	-0.01
5.71	5.68	+0.03	2.24	1.84	+0.40	1.27	1.37	-0.10	0.63	0.80	-0.16	0.70	0.77	-0.07
5.82	5.77	+0.05	2.24	1.90	+0.34	1.35	1.35	—	0.63	0.78	-0.15	0.74	0.75	-0.01
5.82	5.71	+0.11	2.32	1.93	+0.39	1.22	1.21	+0.02	0.66	0.79	-0.13	0.76	0.79	-0.03
6.17	5.90	+0.28	2.39	2.07	+0.32	1.42	1.22	+0.20	0.66	0.82	-0.15	0.84	0.87	-0.03
6.45	6.09	+0.37	2.47	2.14	+0.33	1.47	1.22	+0.25	0.77	0.87	-0.09	0.90	0.94	-0.05
6.76	6.49	+0.28	2.62	2.22	+0.40	1.52	1.45	+0.07	0.79	0.88	-0.08	0.96	1.00	-0.04
7.50	7.29	+0.21	2.86	2.44	+0.41	1.83	1.58	+0.24	0.88	1.18	-0.29	0.92	1.13	-0.20
7.33	7.24	+0.09	2.78	2.59	+0.19	1.65	1.45	+0.20	0.94	1.14	-0.20	0.99	1.02	-0.03
7.32	7.46	-0.15	2.76	2.48	+0.27	1.72	1.61	+0.11	0.92	1.24	-0.31	1.06	1.18	-0.12
7.74	7.58	+0.16	2.98	2.61	+0.37	1.87	1.63	+0.24	0.92	1.21	-0.29	1.08	1.17	-0.09
7.83	7.80	+0.03	3.14	2.58	+0.56	1.77	1.61	+0.16	0.94	1.28	-0.34	0.99	1.30	-0.31

Explanations and definitions see page 63.

Table 27. Commodity prices

NIESR price index numbers (a)															Commodity prices						1954 = 100																
Current U.K. import prices				Exports, primary producers		Exports, overseas sterling area		Exports, Latin America		Agricultural exports of primary producers			Wheat		Sugar		Tea		Coffee		Cocoa		Rubber		Cotton		Wool		Copper		Softwood						
Food, tobacco		Fuels		Fuels		Fuels		Fuels		Total		Food		Non-food		Can. \$ per 60 lb.		U.S. cents per lb.		Indian rupees per lb.		U.S. cents per lb.		U.S. cents per lb.		d. per lb.		U.S. cents per lb.		Merino d. per lb.		Cross-bred d. per lb.		£ per ton		Index	
Total																																					
1957 = 100															Average of daily or weekly prices															1954 = 100							
1950	104.0	106.4	104.8	96.1	103.9	103.4	104.5	101.5	101.4	101.7	1.73	3.46	2.56	58.1	27.3	28.1	35.5	33.3	32.2	50.5	2.30	4.96	2.30	32.2	33.3	37.0	164	91	179	66							
1951	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	1.64	5.15	2.54	56.7	30.5	26.1	35.4	33.3	35.6	54.2	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99							
1952	94.1	97.0	91.9	92.8	91.9	93.0	90.8	92.1	95.7	86.5	1.64	3.57	2.27	54.6	43.5	22.9	36.1	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								
1953	94.6	100.2	90.6	91.4	91.6	93.4	89.5	91.2	96.3	83.1	1.61	3.45	2.56	50.3	46.8	22.3	36.3	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								
1954	95.2	101.5	90.6	91.7	91.0	92.2	89.2	90.0	95.0	82.2	1.64	3.49	3.09	45.9	43.7	23.6	36.3	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								
1955	95.7	102.8	90.8	91.1	90.3	91.4	87.3	88.2	92.9	80.6	1.64	3.48	2.35	43.5	41.5	25.2	36.1	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								
1956(b)	94.5	101.9	90.3	87.4	88.9	91.4	83.8	86.5	90.7	79.7	1.68	3.14	2.12	39.5	37.7	25.5	35.7	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								
1957	94.7	100.0	93.7	84.6	92.6	96.6	85.6	91.2	90.8	90.8	1.68	2.88	2.18	37.0	37.6	28.5	36.1	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								
1958	96.0	102.8	94.4	83.8	93.2	97.2	86.3	92.1	90.5	94.5	1.66	2.86	2.73	36.3	37.3	31.1	33.6	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								
1959	98.0	104.2	97.9	83.6	94.6	99.1	86.3	93.1	90.4	97.3	1.65	3.01	2.54	36.0	34.1	35.2	32.9	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								
I	94.5	101.9	90.3	87.4	88.9	91.4	83.8	86.5	90.7	79.7	1.68	3.14	2.12	39.5	37.7	25.5	35.7	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								
II	94.7	100.0	93.7	84.6	92.6	96.6	85.6	91.2	90.8	90.8	1.68	2.88	2.18	37.0	37.6	28.5	36.1	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								
III	96.0	102.8	94.4	83.8	93.2	97.2	86.3	92.1	90.5	94.5	1.66	2.86	2.73	36.3	37.3	31.1	33.6	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								
IV	98.0	104.2	97.9	83.6	94.6	99.1	86.3	93.1	90.4	97.3	1.65	3.01	2.54	36.0	34.1	35.2	32.9	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								
I	97.9	102.7	99.0	83.1	95.5	99.0	86.7	93.5	90.5	98.4	1.66	3.01	2.33	36.7	28.6	34.6	33.3	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								
II	96.5	99.1	99.7	82.3	95.5	99.7	86.4	93.1	88.2	101.1	1.66	3.02	2.24	37.4	28.1	37.6	34.2	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								
III	96.5	102.3	96.9	81.7	93.3	96.5	86.9	89.8	92.7	92.7	1.66	3.27	2.96	36.4	28.5	30.0	33.0	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								
IV	94.3	99.2	94.8	81.0	90.6	95.1	82.9	86.0	84.4	88.4	1.65	3.25	2.62	36.4	27.7	26.5	32.3	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								
1961 Jan.	93.0	96.3	94.6	81.3	89.1	94.0	81.3	83.3	82.3	84.7	1.68	3.25	2.52	36.3	23.5	24.8	32.3	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								
February	92.9	94.4	96.0	81.6	89.5	94.2	81.3	84.6	82.6	87.8	1.67	3.17	2.47	37.2	21.9	24.2	32.4	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								
March	94.7	98.8	96.6	80.4	91.3	96.1	83.7	86.7	85.5	88.7	1.67	3.27	2.37	37.7	20.4	25.5	33.3	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								
April	94.2	97.4	96.7	80.3	90.7	96.7	82.1	87.5	84.4	92.5	1.67	3.40	2.37	37.0	22.7	26.1	33.3	28.4	54.0	2.30	5.68	2.24	35.6	50.8	37.0	199	126	220	99								

(a) See National Institute Economic Review, No. 1, page 32, and No. 5, pages 69-70. (b) For NIESR price index numbers the figures refer to the second half of 1956.

Table 28. Gold and foreign exchange reserves

	Industrial countries										Primary producing countries					Total official holdings					
	Total	USA					France					Japan					Other	Gold	Dollar	Sterling	
		Canada	EEC	West Germany	Italy	Netherlands	Belgium	EFTA	UK	Switzerland	Latin America (a)										
1954	36.86	21.79	1.95	6.16	2.00	1.26	0.93	1.11	0.87	6.22	2.76	1.67	0.74	11.74	5.71	0.89	2.68	2.45	34.97	6.98	7.62
1955	37.69	21.75	1.91	7.55	2.40	1.91	1.17	1.11	0.96	5.71	2.12	1.74	0.77	11.69	5.40	1.02	2.71	2.56	35.44	7.29	7.57
1956	38.56	22.06	1.94	7.74	3.40	1.18	1.24	0.96	0.97	5.87	2.13	1.81	0.94	12.03	5.13	1.53	2.80	2.57	36.09	8.27	7.39
1957	39.50	22.86	1.84	8.08	4.10	0.65	1.35	0.97	1.00	6.20	2.27	1.88	0.52	11.34	4.73	1.95	2.38	2.28	37.36	7.92	7.02
1958	41.36	20.58	1.95	10.46	4.60	1.05	2.08	1.39	1.34	7.50	3.07	2.06	0.86	10.42	4.36	1.59	2.07	2.42	38.07	8.66	6.69
1959	41.29	20.49	1.90	10.33	4.10	1.25	2.25	1.42	1.30	7.60	3.14	2.05	0.97	10.63	4.55	1.60	2.16	2.33	38.30	8.62	6.68
I	41.48	19.75	1.94	11.02	4.14	1.63	2.52	1.37	1.36	7.66	3.17	2.03	1.10	10.69	4.64	1.53	2.21	2.33	37.91	8.97	6.64
II	43.79	19.58	1.95	13.25	3.98	1.86	2.91	1.38	1.33	7.80	3.28	2.00	1.21	10.79	4.73	1.37	2.27	2.41	37.93	9.23	6.64
III	41.75	19.51	1.88	11.78	4.53	1.72	2.95	1.35	1.22	7.26	2.74	2.06	1.32	11.01	4.92	1.21	2.32	2.56	37.87	9.14	6.97
IV	41.78	19.46	1.86	12.06	4.68	1.85	2.83	1.40	1.29	7.04	2.78	1.87	1.36	11.19	4.91	1.17	2.47	2.65	37.84	9.00	6.97
I	43.04	19.36	1.78	13.24	5.54	1.99	2.90	1.47	1.35	7.21	2.89	1.90	1.45	11.19	4.72	1.07	2.60	2.80	38.11	9.57	7.11
II	44.20	18.73	1.82	14.31	6.34	2.11	3.08	1.56	1.22	7.69	3.11	2.11	1.66	10.76	4.40	1.02	2.53	2.81	38.14	10.08	7.15
III	44.58	17.80	1.84	15.06	6.74	2.07	3.08	1.75	1.42	8.06	3.23	2.32	1.82	10.50	4.24	1.00	2.41	2.86	38.04	10.37	7.08
IV	44.17	17.48	1.90	14.90	6.66	2.14	2.97	1.69	1.44	8.00	3.25	2.33	1.88	10.50	4.18	1.00	2.41	2.86	38.04	10.37	7.08
961 Jan.	44.17	17.41	1.92	15.00	6.72	2.23	2.93	1.66	1.46	7.91	3.19	2.30	1.94	10.50	4.20	1.00	2.41	2.86	38.04	10.37	7.08
February	44.18	17.43	1.94	15.53	6.62	2.47	2.94	1.67	1.44	8.04	3.02	2.54	2.00	10.50	4.20	1.00	2.41	2.86	38.04	10.37	7.08
March	44.94	17.43	1.94	15.53	6.62	2.47	2.94	1.67	1.44	8.04	3.02	2.54	2.00	10.50	4.20	1.00	2.41	2.86	38.04	10.37	7.08
April	44.94	17.43	1.94	15.53	6.62	2.47	2.94	1.67	1.44	8.04	3.02	2.54	2.00	10.50	4.20	1.00	2.41	2.86	38.04	10.37	7.08

\$ billion at end of period

STATISTICAL APPENDIX : DEFINITIONS AND EXPLANATIONS

GENERAL NOTES

Sources

The main sources and abbreviations used in the following notes are :

- Blue Book :** *National Income and Expenditure* (HMSO, annual)
BTJ : *Board of Trade Journal* (HMSO, weekly)
ET : *Economic Trends* (HMSO, monthly)
MLG : *Ministry of Labour Gazette* (HMSO, monthly)
MDS : *Monthly Digest of Statistics* (HMSO)
T and N : *Accounts relating to Trade and Navigation of the United Kingdom* (HMSO, monthly)
B of P : *United Kingdom Balance of Payments 1946-57* (HMSO, 1959) and *Command Papers on United Kingdom Balance of Payments* (HMSO, every six months)
IFS : *International Financial Statistics* (International Monetary Fund, monthly)
OEEC : *General Statistics* (every two months), *Foreign Trade Statistical Bulletins* (Organisation for European Economic Co-operation) and *Main Economic Indicators*

Statistics derived from these publications are not described in detail. For more information, reference should be made either to these publications or to their explanatory supplements. These are :

- Blue Book :** *National Income Statistics : Sources and Methods* (HMSO 1956)
MDS : *Definitions and Explanatory Notes* (HMSO, annual)
MLG : *Guides to Official Sources : No. 1, Labour Statistics* (May 1958)
OEEC : *Definitions and Methods*
 I. *Indices of Industrial Production* (3rd ed., 1958)
 II. *Population and Manpower, Internal Trade, Prices and Wages, Finance* (2nd ed., 1955)
 III. *Foreign Trade* (2nd ed., 1955)
 IV. *Agricultural Production, Agricultural Prices* (2nd ed., 1955)

Country groups

The following country groups are used ; they include all the countries listed against them, unless stated otherwise.

Industrial countries : USA, Canada, EEC, EFTA and Japan.

North America : USA and dependencies, and Canada.

EEC : Belgium-Luxemburg, France, West Germany, Italy, Netherlands.

EFTA : Austria, Denmark, Norway, Portugal, Sweden, Switzerland and UK.

Continental OEEC : EEC, EFTA, Greece, Spain and Turkey.

Western Europe : Continental OEEC, Yugoslavia and Finland.

Primary producing countries : All countries not included as industrial countries above, except for the Sino-Soviet Bloc, Finland, Greece, Spain, Turkey and Yugoslavia.

Overseas sterling area : The British Commonwealth (except Canada), British Trust Territories, British Protectorates and Protected States, Burma, Irish Republic, Iceland, Jordan, Libya, Muscat and Oman.

Latin America : Central America, including Mexico but excluding the Panama Canal zone, and South American countries excluding European possessions.

Oil-producing countries, sterling : British-protected Persian Gulf States (including Kuwait) and Aden, Sarawak, Brunei and Trinidad.

Oil-producing countries, non-sterling : Iraq, Iran, Saudi Arabia, Venezuela and the Netherlands Antilles.

Other primary producing countries : All primary producing countries not included elsewhere.

Sino-Soviet Bloc : Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, North Korea, North Vietnam, Poland, Roumania, Union of Soviet Socialist Republics, and the People's Republic of China.

Valuation of imports and exports

Imports are valued c.i.f. and exports and re-exports f.o.b. unless otherwise stated.

Seasonal adjustments

A number of monthly and quarterly series have been adjusted to eliminate the estimated normal seasonal variations. The procedures used and the reliability of the adjustments were described in the article 'Seasonal corrections' in the September 1959 issue of the Review (No. 5), on pages 50-56 and on pages 42-43 of this issue. A complete set of seasonal adjustments used may be

obtained on request. The adjusted data in the tables refer to standard quarters. The main point to be noted is that all seasonally adjusted series must be regarded as containing a margin of uncertainty, depending in particular on the extent to which seasonal variation can be shown to have been regular in the past.

THE HOME ECONOMY

Table 1. Gross domestic product

Sources : *Blue Book*, *ET*, *MDS*, *BTJ*

The figure for gross domestic product at 1954 factor cost is supplied, with the index numbers of real output, by the Department of Applied Economics, Cambridge. The difference between this figure and the official estimate of gross domestic product based upon expenditure is shown as a statistical discrepancy.

The quarterly series seasonally adjusted by NIESR are exports of goods and services and imports of goods and services. The basis on which the official estimates of these two series are made has been altered (see balance of payments notes), but estimates are available only for 1955 and subsequent years. Thus trade figures shown in this table are not strictly comparable before and after 1955.

In general officially revised annual figures of national income and expenditure are only available as far back as 1955. Any revisions to earlier years will not be available until the *Blue Book* is published later in the year.

Table 2. Production in industry

Sources : *CSO*, *MDS*

The headings correspond with those of the Standard Industrial Classification :

Total industrial production	SIC Orders II-XVIII (these are the industries covered by the index of industrial production)
Total manufacturing	SIC Orders III-XVI
Metals and metal-using	SIC Orders V-IX
Other industries	SIC Orders XI (Leather), XIII (Bricks, etc.), XIV (Timber, furniture), and XVI (Other manufacturing)

Index numbers. The industry series have been seasonally adjusted by NIESR with the advice of the Central Statistical Office.

Table 3. The metal and engineering industries

Sources : *MDS*, *BTJ*, Iron and Steel Board, BEAMA

Steel. Output refers to ingots and castings, consumption to finished steel, both expressed in ingot equivalent.

Passenger cars. Output and exports include taxis and chassis delivered as such by manufacturers. New registrations exclude taxis and private hire cars.

Commercial vehicles. Output includes omnibuses, coaches, trolleybuses, and chassis delivered as such by manufacturers.

Selected durable consumer goods. The durable household goods selected for this index are radios, radiograms, television sets, gas and electric cookers, domestic washing machines, domestic refrigerators, and vacuum cleaners. Production series are used for radios and radiograms, television sets, gas cookers and for electric cookers up to June 1959 ; deliveries are used for the rest. The seven series are seasonally adjusted separately. The weighting used in the index, based on the 1954 Census of Production, is as follows:

	Weight in 100
Radios and radiograms	14.59
Television sets	32.68
Gas cookers	14.48
Electric cookers	6.45
Domestic washing machines	12.89
Domestic refrigerators	9.61
Vacuum cleaners	9.30
	<hr/> 100.00

The index for the most recent periods—if in italics—should be considered as an approximate estimate based on less than the full quarterly statistics. For the compilation of these estimates the British Electrical Appliances Manufacturers' Association supply additional information.

Deliveries of plant and machinery : The figures relate to deliveries by mechanical and electrical engineering establishments classified in Order VI of the Standard Industrial Classification (1958) excluding the scientific, surgical and photographic instruments ; watches and clocks ; radio and electronic apparatus ; ordnance and small arms, and telegraph and telephone industries. They include the value of parts if they were delivered for replacement, but parts for incorporation in complete machines are excluded. Deliveries of some engineering goods by firms not classified to the engineering industries are also excluded.

Electrical goods include rotating electrical machines, transformers, switch and control gears and other electrical machinery. Radio, telecommunication and other electronic apparatus, domestic appliances, electric equipment for road vehicles and aircraft, batteries, lamps and similar electrical goods are excluded.

'Other' includes industrial plant, fabricated steelwork and machinery other than electric.

All the figures in this table, except for those relating to deliveries of plant and machinery, have been seasonally adjusted by NIESR.

Table 4. Energy

Source : MDS, Ministry of Power

Coal. Inland consumption includes shipments to Northern Ireland but excludes changes in the tonnage of coal in transit and also changes in stocks held by consumers not making returns.

Oil. The figures represent deliveries for inland consumption of all petroleum products including gases, feedstock for petrochemical plants, light distillate feedstocks for gasworks and they include refinery fuel as well.

Total primary fuel. This is the aggregate of the following seasonally adjusted data :

- Coal :** inland consumption, adjusted for changes in coke stocks at coke ovens, gasworks and blast furnaces.
- Oil :** deliveries for inland consumption of oil products excluding those not used as fuels (chemical feedstock, industrial and white spirit, lubricants, bitumen and wax). Oil is converted to coal equivalent at 1.7 tons of coal per ton of oil.
- Hydro and nuclear power :** the electricity generated by water and nuclear power, converted to coal equivalent according to the estimated amount of coal needed to produce electricity at the current efficiency of steam stations.

Electricity generated. The series refers to Great Britain only and includes electricity generated within and outside the public supply system, by all types of stations, including hydro and nuclear power, oil engines, refuse destructors and waste heat plants. They exclude, however, the fuel industries (coal mines, gas works and mineral oil refineries ; in 1959 the electricity generated by these industries amounted to 1.5 per cent of the 29.4 billion kwh given in the table).

All the figures have been seasonally adjusted by NIESR.

Table 5. New orders and orders on hand

Sources : BTJ, Machine Tool Trades Association, Shipbuilding Conference, Royal Institute of British Architects

Engineering. As from 1958, the series cover sectors of the engineering and electrical goods industries (Order VI of SIC), wheeled tractors, locomotives, railway track equipment, railway carriages and wagons, and heavy commercial vehicles. They exclude passenger cars, standard types of commercial vehicles, motorcycles, aircraft, and those sections of the engineering and electrical industries which normally meet their orders from stock. The index numbers for 1954 to 1957 are based on much less complete information than those for later periods and give a broad indication of the direction of change rather than a reliable measure of its extent. The values of net new orders and orders on hand—both here and in the case of the textile and clothing industries—have been revalued at average 1958 constant prices ; they have been adjusted to allow for differences in the lengths of calendar months but not for holidays or for other seasonal variations.

Machine tools. Including forging machines and hammers, extension and other presses, wire drawing and sheet metal working machines. They exclude parts and accessories, rolling mills and other metal manufacturing plant and portable power tools.

Shipbuilding. The data refer to merchant vessels including tankers.

Textiles and clothing. The series cover the wool, hosiery (and other knitted goods), and made-up clothing industries, and the spinning, weaving and converting sections of the cotton and man-made fibre industries. There are a few branches of the textile and clothing group where making for stock rather than to order is the normal practice ; these are omitted from the series.

Factory building approvals. The series refers to new buildings and extensions to existing buildings of the manufacturing industry in Great Britain and have been seasonally adjusted by NIESR. From April 1960 there are certain changes in classification, and the subsequent series include buildings under 5,000 square feet which were previously omitted, but exclude certain non-productive buildings for which Industrial Development Certificates were previously required.

Housing starts. The figures relate to the number of permanent houses and flats built for local housing authorities, private owners, other authorities (including government departments) and housing associations. The data have been seasonally adjusted by NIESR.

Architects' new work. The index numbers are based on the quarterly estimates of the Royal Institute of British Architects of the value of new work for private and public clients for which private architects were appointed. The basic information is collected from a sample of RIBA members as a guide to the

trend in future demand for new buildings for which private architects are responsible. In the past this has covered some two-fifths of all new buildings and about half of the new work done for private owners and developers. To eliminate the effect of price changes the original estimates have been converted into 1954 prices by deflating them by the price index of new construction (MDS).

Table 6. The labour market

Source : MLG

All figures are for Great Britain only.

Employment. The index numbers of the total in civil employment exclude H.M. Forces and estimates of self-employed persons. As the results of the annual count of the number of employees holding national insurance cards in May 1960 are now available (MLG, February 1961), the index numbers since the fourth quarter of 1959 incorporate revisions recently made available by the Ministry of Labour. However as the published figures of the numbers holding insurance cards in May 1961 will not be available until February 1962, index numbers shown since the fourth quarter of 1960 must be regarded as provisional.

The headings shown now follow the Standard Industrial Classification (1958) :

	SIC (1958)
Total civil employees	I-XXIV
Agriculture, etc.	I
Transport, communication	XIX
Distribution and other services	XX-XXIV
Total industrial production	II-XVIII
Construction	XVII
Mining	II
Total manufacturing	III-XVI
Metals, metal using	V-IX
Textiles	X
Other industries	III, IV, XI-XVI, XVIII

Series before the third quarter of 1959, which were derived from official figures following the 1948 version of the SIC, have been approximately linked with the later data.

Unemployment. The percentages have been obtained by relating the average numbers wholly unemployed and temporarily stopped in any period to the numbers of insured employees in May of that year. Percentages for 1960 have been revised now that the number of insured employees in May 1960 has become available. For 1961, the May 1960 figure has been used.

Unfilled vacancies. The end of month figures of employment vacancies unfilled have been expressed as percentages in the same way as the unemployment figures.

Demand for labour. The index is described in detail in 'Excess Demand for Labour', J. C. R. Dow and L. A. Dicks-Mireaux, *Oxford Economic Papers*, February 1958. It can be roughly regarded as the excess in any month of unfilled vacancies over unemployment, seasonally adjusted.

Net overtime per head in manufacturing. The difference between aggregate hours worked overtime and aggregate hours lost by short time has been divided by the total number of operatives in the sample taken by the Ministry of Labour for a specific week in each quarter.

Table 7. Unemployment by industry

Source : MLG

The headings shown follow the Standard Industrial Classification (1958) :

	SIC (1958)
Metals, metal-using	V-IX
Textiles	X
Construction	XXVII
Mining	II
Transport, services	XIX-XXIV
Other industries	I, III, IV, XI-XVI, XVIII

Percentages before 1959 are based upon the official figures following the 1948 version of the SIC.

Table 8. Productivity

Sources : MDS, MLG

Output per person employed. For industries the index is arrived at by dividing the production indices in table 2 by the appropriate employment indices in table 6. For the gross domestic product the output index in table 1 has been divided by an index of total civil employees plus self-employed plus members of the Armed Forces.

Output per man-hour worked in manufacturing. This is based on the production index in table 2, on the employment index in table 6 and on an estimate of average weekly hours worked in each quarter. The quarterly estimates have been obtained by interpolating the changes in average weekly hours worked in April and October (as reported in the Ministry of Labour's earnings enquiries), using the series 'net hours overtime per head in manufacturing' (table 6) after taking account of changes in the standard working week.

Table 9. PricesSources : *MLG, MDS, ET, BTJ*

Capital goods. The indices have been derived from the ratio of investment at constant (1954) market prices to investment at current market prices.

Export prices. This is the Board of Trade index of export prices, whose weighting is based on the pattern of trade in 1954.

Retail prices. The official series of index numbers, with bases at 17 June 1947, 15 January 1952, and 17 January 1956, have been linked, and are shown with 1954 = 100.

Consumer prices. These have been derived from the ratio of consumers' expenditure at current market prices to consumers' expenditure at constant (1954) market prices. The estimates for recent months have been obtained by linking corresponding component series of the retail prices index to the latest quarterly consumer prices figure.

Total final prices. This index is derived from the official estimates of final expenditure at current and at 1954 market prices (*ET*).

Table 10. Wages, profits and other costsSources : *MLG, MDS, ET*

Weekly wage rates. The official series of index numbers for wage rates, based on 30 June 1947 and 31 January 1956, have been linked, and are shown with 1954 = 100.

Wage rates by industry. These cover adult male and female workers. They were first presented and described by Professor Ely Devons and Mr. R. C. Ogley in *The Manchester School*, May 1958. Since then, index numbers have been kindly supplied to the Institute by Mr. J. R. Crossley of the London School of Economics who is now continuing their compilation on the same basis.

The new headings are defined according to the Standard Industrial Classification (1948) as :

	SIC (1948)
Metals, metal using	V-IX
Textiles	X
Mining and quarrying	II
Building and contracting	XVII
Agriculture, forestry and fishing	I
Other industries and services	III, IV, XI-XVI, XVIII-XXIV

Import prices. This is the Board of Trade index of import prices whose weighting is based on the pattern of trade in 1954.

Materials used in manufacturing industry and prices of all manufactured products. These wholesale price indices are taken from *BTJ*.

Table 11. Personal income and expenditureSources : *Blue Book, ET, MDS*

Seasonally adjusted series of the Central Statistical Office are used where available. Where more detailed series are shown, NIESR seasonal adjustments have been made in such a way as to give the aggregate series adjusted by the CSO.

Disposable income. Total personal income less taxes on income and national insurance contributions.

Consumers' expenditure. The NIESR estimates for the latest quarter are based on retail sales and other published indicators. For a full description of the items included in the three categories of durable goods see *ET* August 1958, pp. viii-ix.

The series have been revised in accordance with the latest revisions published in 'Preliminary Estimates of National Income and Expenditure 1955 to 1960' and the *MDS* March 1961. The new revisions affect all the series previously published except tobacco, housing (including rent and rates) and clothing. Revisions, if any, to the statistics before 1955 will not be available until the 1961 *Blue Book* is published.

Table 12. Fixed investmentSources : *Blue Book, ET, MDS, BTJ*

The series for total investment, dwellings and sectors are those given in *ET* and *MDS*, and the seasonal adjustments by asset are based on NIESR factors modified to secure consistency with the official totals. The seasonally adjusted series for manufacturing industry is the official one (*BTJ*).

Total fixed investment and the series by sector and asset include legal fees, stamp duties, etc. (which are classified with other buildings and works). These items are, however, omitted from the figures by industry as their industry distribution is not known.

Total fixed investment. Gross fixed capital formation at home.

Dwellings ; industries and services by type of asset and by sector. Derived from expenditure in £(1954)mn. published in *ET*. When available, provisional figures of dwellings, and other buildings and works are based on Ministry of Works estimates of the value of work done.

Industries and services, by industry group. The classification follows that given in *ET* with the following modifications : 'fuel

and power' covers mining and quarrying and gas, electricity and water, 'transport and communication' excludes shipping (as well as omitting road goods transport), and 'other industries and services' includes estimates for shipping.

Following the official series the figures by industry have been revised on a business unit basis back to 1956, but annual series for manufacturing and other private industry prior to 1956 are not fully comparable with later years.

For the adjustment to 1954 prices annual figures come from the *Blue Book*. Quarterly figures for other industries and services are derived from estimates of investment at current and constant prices in distribution and other services published in *BTJ*. Quarterly figures for fuel and power, transport and communications and public services (which are predominantly public industries) have been adjusted by an annual price index derived from *Blue Book* figures interpolated and extrapolated by prices indices derived from public sector expenditures on investment goods other than dwellings.

Commercial vehicles : new registration. The series include vans and lorries, general haulage tractors, other goods vehicles (showmen's tractors and special vehicles, local authorities' watering and cleansing vehicles and tower wagons) and agricultural vans and lorries. They exclude agricultural tractors, buses, coaches, trolleybuses and vehicles exempt from duty. The data have been seasonally adjusted by NIESR.

Table 13. Construction orders and work doneSources : *MDS, ET*

The figures are for Great Britain only. They are the quarterly statistics of value of new work done by contractors and of value of new orders received by contractors adjusted for price changes and (in the case of work done only) for seasonal variation, on the basis of information from the Ministry of Works.

The series excludes maintenance and repair work and output of labour employed by public authorities and public utilities. From the beginning of 1959 the industries are defined according to the Standard Industrial Classification (1958) and include the output of constructional engineering firms not previously classified under construction.

Table 14. Changes in the volume of stocksSources : *BTJ, MDS, ET*

The changes in the total volume of stocks are identical with those of table 1. The data for stock changes in manufacturing and distribution are based on the official estimates of the Board of Trade (revalued at 1954 prices and mostly seasonally adjusted).

The difference between total stocks in manufacturing and distribution and the total for all stocks is mainly accounted for by the following stocks : stocks held by farmers, stocks of public bodies (both strategic and trading stocks), coal stocks of the National Coal Board, coke stocks at gas works, stocks of the catering trades, stocks held by distributors of motor vehicles, builders' and contractors' work in progress (less progress payments), and work in progress on ships being constructed for overseas owners. These amount to about 25 per cent of the total of all stocks.

Table 15. FinanceSources : *MDS, BTJ, British Bankers' Association, Economic Indicators, Federal Reserve Bulletin*

Hire purchase. The series cover all credit business by household goods shops and finance houses. (They exclude credit business on clothing and by mail order houses and credit traders.)

Sales of household goods shops are adjusted to give new credit extensions on household durables. New credit extensions by finance houses on goods other than household durables are added to these to give total new credit extensions on hire purchase.

Repayments of hire purchase debt are derived from new credit extensions minus change in debt.

The monthly statistics have not been adjusted for the number of working days. The new credit extensions and repayment series are subject to a certain amount of error.

Bank advances. The figures relate to all advances made by member banks of the British Bankers' Association through offices located within Great Britain, irrespective of the borrowers' country of residence. The figures for the London clearing banks and, since November 1960, for the Scottish banks, relate to the third Wednesday in the second month of each quarter (February, May, August and November). The definition of advances excludes bills discounted and foreign bills negotiated or bought and also impersonal or internal accounts.

Industry and transport includes manufacturing, mining, building and contracting, public utilities, shipping, transport and communications, except for transport undertakings and public utilities owned by local authorities (which are classified as local government authorities rather than as transport or public utilities). **Personal and professional** includes executor and trust accounts. **Finance** consists of stockbrokers, hire purchase finance companies, banking, insurance, building societies, investment trusts, moneylenders and bookmakers.

Marketable debt of the public sector. The banking sector consists of the 11 London clearing banks, the Scottish banks and the Northern Irish banks. Other groups of banking offices in the United Kingdom and discount houses for which up-to-date figures are not yet available are included in the private and overseas sector. The private and overseas sector consists of total holdings of marketable Government debt by the public (figures derived from the Exchequer financing table given in *MDS*) less holdings by the banking sector as defined above. Figures up to and including the first quarter of 1959 include changes in the holdings of gilt-edged stocks by the Banking Department of the Bank of England (as well as those by the Issue Department and the National Debt Commissioners).

UK Treasury bill rates. Weighted averages of discount rates at the weekly allotments of 91 day tender bills during the periods shown.

US Treasury bill rates. The rates refer to new issues of US Government three-month bills. They are averages of discount rates during the periods shown.

U.K. FOREIGN TRADE

Table 16. Balance of payments : United Kingdom and sterling area

Sources : *B of P*, *ET* and press releases

As from the beginning of 1958 the basis of the estimates has been substantially revised. There are also smaller differences in respect of earlier periods.

UK current transactions. All identified transactions on current account between UK and the rest of the world. *Invisibles* includes donations.

UK long-term capital. All identified transactions on long-term capital account between UK and the rest of the world other than transactions in securities included in *overseas sterling holdings*.

Balancing item. The net total of errors and omissions in the official estimates of the balance of payments between the UK and the rest of the world.

UK short-term capital, etc. All other identified items in the balance of payments between UK and the rest of the world, including changes in *overseas sterling holdings* and *reserves*.

Overseas sterling holdings. These comprise British Government securities, if held by or for the account of banks and other official bodies overseas, as well as other sterling assets of overseas holders, official or private, with banks in UK or with the Crown Agents for Oversea Governments and Administrations.

Reserves. These comprise official UK holdings of gold and dollars in all periods, and other convertible currencies also from the end of 1958.

Other short-term capital. This includes, *inter alia*, changes in UK official holdings of non-convertible foreign currencies and in the net UK debt to the European Payments Union prior to the liquidation of the Union. (Subsequent repayments to and from other former members in respect of this debt are included under *UK long-term capital*.)

Sterling area balance with non-sterling world. The table shows three main items only in the balance with the non-sterling world. *Current balance* includes donations both for UK and for the overseas sterling area. For the latter it also includes gold production as from the beginning of 1958. For earlier periods net sales of gold in UK were included here and other sales in *net capital receipts*. *Net capital receipts* also includes changes in the overseas sterling area's holdings of gold (from the beginning of 1958) and changes in holdings of each other's currencies by the overseas sterling area and the non-sterling world.

Table 17. UK imports and exports and changes in imported stocks

Sources : *T and N*, *BTJ*, *MDS*

Imports and exports. Volume index numbers are based on Board of Trade revaluations of imports and exports at 1954 prices. Both the value and volume figures of imports and exports are shown in two versions, as recorded and as adjusted. In the adjusted versions allowance is made for the estimated effects of seasonal influences and variations in the number of working days as calculated by the Board of Trade (*Board of Trade Journal*, November 1959), and also for certain other special factors. These are the delays caused by the dock strikes in 1954, 1958 and 1961, by the Suez crisis in 1956 and 1957, the accelerated clearance of imports caused by the introduction of the new Tariff List on 1 January 1959, and the inclusion of lend-lease silver in the recorded export figures for 1956 and 1957.

Stock changes. For a description of the figures of changes of imported stocks, see the special article on pages 36-38 of the *National Institute Economic Review*, no. 1, January 1959. Quarterly or half-yearly figures for stocks do not necessarily add up to yearly

figures, partly because of revisions in annual trade figures which have not been carried back to the component quarters and also, in the case of the valuation at current prices, because of differences between the annual and quarterly average arrival values used.

Table 18. Volume of UK imports, by commodity

Source : *T and N*, *BTJ*

The commodity groups correspond to the classes and divisions used in *T and N* : Food and beverages *A1/11*, Tobacco *A12* ; Basic materials, Total *B*, Textile materials *B6/9*, Wood *B4*, Pulp *B5*, Ores and scrap *B11* ; Fuels, Total *C*, Petroleum and products *C2* ; Semi-manufactures and manufactures mainly for industrial use, Total *D1/13*, Iron and Steel *D12*, Non-ferrous metals, *D13*, Textile manufactures *D6/9* ; Finished manufactures, Total *D14/23*, Machinery *D15/16*.

The index numbers are based on 1954. The figures are based on Board of Trade revaluations of imports at 1954 prices and are not adjusted for either seasonal variations or other reasons.

Table 19. Volume of UK exports, by commodity and area

Source : *T and N*, *BTJ*

The index numbers are based on 1954. The figures exclude re-exports and are based on Board of Trade revaluations at 1954 prices. They have not been adjusted for delays caused by dock strikes or by the Suez crisis.

The commodity groups correspond with the following classes and divisions used in *T and N* : Food, beverages, tobacco *A* ; Basic materials, fuels *B and C* ; Manufactures *D* (excluding lend-lease silver) ; Metals and engineering *D12/19 and 22*, Metals *D12 and 13*, Metal goods *D14 and 22*, Machinery *D15 and 16*, Transport equipment *D17/19* ; Textiles *D6/9* ; Chemicals *D1*.

In the case of the area groups the revaluations have been applied to the seasonally adjusted figures issued by the Board of Trade.

WORLD ECONOMY

Table 20. World industrial production

Sources : *UN Monthly Bulletin of Statistics*, *OEEC*, and national statistics

The industrial coverage of the index numbers varies widely, but building is excluded throughout.

World. The index of world industrial production excludes the Sino-Soviet Bloc (see definition on page 59). It has been taken from UN publications and has the following weights :

North America	550
Europe	326
Latin America	40
Asia, East and South-East	45
Rest of world	39
Total	1,000

USA and Canada. Gas and electricity are excluded from the USA figures.

EEC and EFTA. Generally, the figures include gas and electricity, but the series for Austria and Sweden exclude gas. Figures are not available for Switzerland and they are therefore not included in the total. The weights used are those of the OEEC applied to the weight for Europe given above :

EEC :	West Germany	68
	France	45
	Italy	27
	Belgium	14
	Netherlands	11
	Luxemburg and the Saar	2
Total		167

EFTA :	UK	92
	Sweden	13
	Austria	6
	Denmark	5
	Norway	4
	Portugal	3
Total		123

The series for US, Canada and the European countries have been seasonally adjusted by OEEC.

France : The annual index numbers of French industrial production do not necessarily correspond to the monthly or quarterly figures : the annual indices cover more industries than the monthly and quarterly ones.

Japan. The revised Japanese series (including gas and electricity) begins in 1953 ; earlier years have been linked to the new figures.

USSR. The index numbers of industrial production measure the change in the gross, not the net, value of industrial output.

Table 21. The United States

Sources: *Survey of Current Business* and weekly supplements, *Business Statistics, Economic Indicators*

Building and contracting orders. These figures are derived from statistics compiled by F. W. Dodge Corporation, seasonally adjusted by the National Bureau of Economic Research, and published in *Economic Indicators*. From 1957 the data cover 48 states. Figures shown in this table for years 1948-1955 and first three quarters 1956 are based on data for 37 eastern states only. NIESR have adjusted them so as to link them with the data for the 48 states available for 1956 as a whole and later years.

Unemployment, employment. US Department of Commerce *Monthly Report on the Labour Force*. A change of definition in 1952 slightly affects comparability with earlier years. The 1956 quarterly figures are on a slightly different basis from the 1956 annual figure. For unemployment, NIESR have adjusted the quarterly percentages (and where they were not already seasonally adjusted applied a rough adjustment derived from the Department's own statistics) to agree with the annual average. The figures are percentages of the civilian labour force. Employment figures include proprietors and self-employed. Those not at work because of industrial disputes are counted as employed.

Consumer prices. US Department of Labor all-items index shown with 1954 = 100. For 1950-52 the weights represent the spending pattern in the years 1949-50, and from 1953 onwards the 1952 spending pattern.

Table 22. Industrial countries: imports by volume and import and export prices

Sources: *OEEC, IFS*

Volume of imports. The UK index is the Board of Trade index or the volume of imports with 1954 weights but shown with 1953 = 100.

Import and export prices. The UK and Japanese series have used weights: the UK, 1954 weights, and the Japanese, 1953 weights for the years 1950-56 and 1956 weights for 1957 onwards. The other index numbers are based on unit values of imports or exports with moving weights.

The French and German series have been adjusted by NIESR to allow for changes in the external values of the franc and mark. They thus indicate price movements in terms of US dollars.

Table 23. Industrial countries' exports of manufactures

Sources: *OEEC, IFS, BTJ*, and national sources

Manufactures are defined as Standard International Trade Classification groups 5-8 inclusive. This table covers only United States (excluding special category), Canada, United Kingdom, West Germany, France, Italy, Belgium-Luxembourg, Netherlands, Sweden, Switzerland and Japan.

Volume of exports: UK, West Germany and France. The index numbers for UK, West Germany and France are published by *OEEC*. The UK index is in fact the Board of Trade 'volume of exports index for Class D (SITC 5-8) with 1954 weights but shown with 1953 = 100. Japan. The index numbers for Japan have been taken from the *Japanese Trade Accounts*. The quarterly figures have 1953 weights and the annual figures have moving weights based on the preceding year. USA. No volume index for SITC groups 5-8 inclusive has hitherto been published regularly. The NIESR index has been computed by deflating the value series for US exports of manufactures (excluding special category) by a unit value index compiled by combining the official unit value series for finished manufactures and semi-manufactures using 1953 weights. Others. Index numbers for various groups of commodities (varying from country to country) are published by *OEEC*. Using these figures and various national sources NIESR have extracted or prepared index numbers of volume of exports of manufactures for each of the remaining countries: Belgium-Luxembourg, Canada, Italy, Netherlands, Sweden and Switzerland. They are weighted by the value of exports of manufactures from each country in 1953. Total. The various series described above have been weighted by the value of exports of manufactures from each country in 1953.

Volume and value figures for USA. Certain special category items were de-restricted during 1958. As from the beginning of that year the figures include these former special category items (\$0.05 billion per quarter in 1957) and are not therefore strictly comparable with previous periods. If these items are included in 1957 the volume of United States exports of manufactures in that year becomes 137 and the US share 25.7 per cent.

Table 24. Merchandise trade of primary producing countries

Source: *IFS* brought up to date from national sources and the press

Imports are valued c.i.f. and exports f.o.b. If actual figures are not available on these bases, estimates are made by *IFS*.

Where the pattern is sufficiently regular seasonal adjustments have been made by NIESR, as indicated in the footnote to the table. (For details see pages 42-43 of this issue.) The balance represents the difference between the figures adopted for imports and exports and the total the sum of the components, whether

seasonally adjusted or not. The totals include *Other primary producing countries* as well as the groups specified (see the definitions on page 59).

Table 25. The sterling area countries

Sources: *IFS*, national statistics, *Australia and New Zealand Bank Quarterly Survey*

Where the pattern is sufficiently regular and the available series ran over a sufficiently long period seasonal adjustments have been made as indicated in the footnote to the table. These have been made by NIESR, unless otherwise stated in the notes below.

Merchandise trade. Imports are valued c.i.f. and exports f.o.b. If figures are not available on these bases, estimates are made by *IFS*. The balance of trade represents the difference between the figures adopted for imports and exports, whether seasonally adjusted or not.

Reserves. The figures, except where otherwise stated, are those published in *IFS* as official gold and foreign exchange holdings of monetary authorities, with certain qualifications.

Australia

Factory production. This is compiled by the Australia and New Zealand Bank on the basis of 285 individual series, covering 52 per cent of industrial production and weighted by value added. It includes fuel (coal mining) and power, but excludes building and construction. The index is corrected for the length of working month, for annual and public holidays but not for seasonal variations.

Civil employment. The figures represent wage and salary earners in civilian employment, excluding rural wage earners and female private domestics.

Bank advances. These are advances of the major trading banks.

Personal consumption. This excludes purchase of dwellings and new motor vehicles, and gifts to other persons.

Private fixed investment. Gross investment including private dwelling construction and total non-government expenditure on motor vehicles.

Reserves. Reserve Bank holdings only.

New Zealand

Bank advances. These are advances of the trading banks, including notes and bills discounted. The annual figures are the averages of 52 weekly data; the quarterly and monthly figures refer to the last Wednesday of the period.

Retail sales. The figures represent total sales or turnover of all store types at constant average 1957-58 prices, seasonally adjusted by the Department of Statistics, Wellington.

India

Industrial production. This has been prepared and seasonally adjusted by the Central Statistical Organisation, New Delhi. It covers manufacturing, mining and electricity production.

Bank advances. These are advances of the scheduled banks.

Reserves. Reserve Bank holdings only.

Pakistan

Reserves. Gold and foreign exchange only.

Irish Republic

Industrial production. This represents the industries 'producing transportable goods' based on 1953 = 100. It includes mining, quarrying and turf but excludes construction, electricity and gas.

Unemployment. The figures show the number on the total live register at the end of each month.

Bank advances. These are loans and advances of the eight associated banks under the Central Bank Act 1942 and of the National City Bank Ltd.

Federation of Rhodesia and Nyasaland

Industrial production. The index includes manufacturing, mining and electricity production but excludes construction. The index has been calculated on a 'value added' basis using 1957 proportions as weights.

Union of South Africa

Employment. The data refer to employment in manufacturing, mining, construction, transport and communication.

Bank advances. These are loans and discounts of private banks.

Table 26. Merchandise trade of industrial countries

Sources: *OEEC* and *IFS* brought up to date from national sources and the press

Imports are valued f.o.b. for USA and Canada; otherwise they are c.i.f. (The total includes an allowance for insurance and freight on United States and Canadian imports.) Exports are valued f.o.b. in all cases.

The figures are seasonally adjusted. For Japan NIESR has made all the adjustments. For other countries the seasonally adjusted series published by OEEC have been used when available.

For definitions of country groups see page 59.

Table 27. Commodity prices

Sources: *MDS, FAO Monthly Bulletin, World Wool Digest, International Tea Committee, BTJ, Public Ledger* and the press

NIESR price index numbers. The method of calculation of these index numbers has been described on pages 32-35 of the January 1959 (no. 1) issue. An improvement was introduced in the September 1959 (no. 5) issue by using more price series and up-to-date weights; these are shown on page 70 of that issue.

The index numbers of the prices of agricultural exports of primary producers (total, food and non-food) are based on the price series described in the above notes; the weighting system of these new series is given in table 24, page 56, of the March 1960 (No. 8) issue.

Commodity prices. With the exception of the index for softwood the commodity prices are the average of daily or weekly prices during the period. *Wheat*: No. 1 North Manitoba, in store Fort William for ocean loading. *Sugar*: f.o.b. Cuban ports for export other than to USA. *Tea*: Indian 'leaf' for export at Calcutta auctions, including export taxes. *Coffee*: Santos No. 4 spot New York. *Cocoa*: Accra, spot New York. *Rubber*: R.S.S. 1 spot London. *Cotton*: US 15/16ths in middling c.i.f. Liverpool. *Wool*: Merino 64's and Crossbred 50's, equivalent clean c.i.f. UK of Commonwealth auction prices. *Copper*: spot London Metal Exchange. *Softwood*: Board of Trade index for imported softwood.

Table 28. Gold and foreign exchange reserves

Sources: *IFS* supplemented from national sources and the press.

Figures of total gold, dollar and sterling holdings are as published

in *IFS*. The gold holdings are those of monetary authorities and other official bodies. The dollar and sterling holdings are those shown respectively as short-term liabilities of USA to official foreign holders and as sterling liabilities of United Kingdom to official holders.

The figures for individual countries and groups of countries exclude throughout credit granted to the European Payment Union. Otherwise they are those published in *IFS* as total gold and foreign exchange holdings of monetary authorities and other official bodies, with certain qualifications.

Total industrial countries. The sums of the totals shown for USA, Canada, EEC, EFTA and Japan.

United States. Gold only.

EEC and EFTA. For definitions see page 59.

West Germany. Gold and convertible foreign exchange.

United Kingdom. Gold and dollars for all periods, plus other convertible currencies from December 1958.

Total primary producing countries. The sums of the figures in the next four columns.

Overseas sterling area. The countries are those for which separate figures are given in table 25, plus Iceland and Jordan. For Australia and India total official gold and foreign exchange holdings are included (i.e. not only those of the Reserve Banks).

Oil producers. The countries included are Iran, Iraq and Venezuela.

Other. Other primary producing countries, including Saudi Arabia, for which figures are included in the totals published in *IFS*.